

# **Disrupting Threat Finances: Utilization of Financial Information to Disrupt Terrorist Organizations in the Twenty-First Century**

**A Monograph  
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## Abstract

Disrupting Threat Finances: Utilization of Financial Information to Disrupt Terrorist Organizations in the Twenty-First Century by Major Wesley J. L. Anderson, US Army, 160 pages.

**Purpose:** The purpose of this monograph is to determine whether or not the disruption of terrorist financing as part of an integrated and holistic approach is an effective way to enhance United States (U.S.) security, disrupt terrorist operations and mitigate terrorist effects on U.S. strategic interests.

**Method:** The author gathered the empirical data needed for the monograph through personal interviews and an extensive literature review. The author focused his research efforts on recognized and peer-evaluated journals, books, congressional testimony, sanctioned government reports, and recognized experts in the field of terrorist financing within academia, and Interagency (IA).

**Content:** This monograph focuses on the ways the U.S. Government (USG) can effectively fight terrorist organizations beyond simply trying to deny terrorist access to financing. Specifically, the USG can use financial information as the “string” that leads to all aspects of terrorist operations. By disrupting access to financial resources and, more importantly, following its trail, the USG through coordinated intelligence, investigations, prosecutions, sanctions, and diplomacy within the IA, private sector, allies, and partner nations, can enhance U.S. security, disrupt terrorist operations and mitigate terrorist effects on U.S. strategic interests.

**Findings:** This monograph demonstrates that the disruption of terrorist financing as part of an integrated and holistic approach is an effective way to enhance U.S. security, disrupt terrorist operations, and mitigate terrorist effects on U.S. strategic interests. In addition, this monograph confirms that the effects of terrorist organizations on U.S. strategic interests can be disrupted and mitigated by: (1) giving an existing organization the mandate and funding authority to coordinate and direct the actions of all USG departments and agencies (without stifling their flexibility or resources) against terrorist organizations; (2) enhancing multilateral cooperation and information sharing with IA, private sector, allies, and partner nations; (3) utilizing commercial off the shelf (COTS) technology to create an integrated communications network between the IA, private sector, allies, and partner nations; (4) establishing a DoD policy and clear way ahead; and (5) adding to and modifying current U.S. laws, federal regulations, policies, and international conventions with the knowledge that additional modifications will always be needed to facilitate this very adaptive and changing environment.

**Significance:** This monograph demonstrates that the USG can successfully constrict terrorist operating environments, making it harder for terrorists to conduct operational, logistical, and financial activities through the less costly and non-kinetic means of threat finance exploitation.

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## CHAPTER ONE

# INTRODUCTION

There are two things a brother must always have for jihad,  
himself and money.

al-Qaeda Operative<sup>1</sup>

Purpose: The purpose of this chapter is to give the reader an understanding of the monograph topic, framework, intended audience, and author's intent. Chapter One consists of six topic areas: (1) opening statement; (2) background and significance; (3) methodology; (4) intent; (5) identification of the intended audience; and (6) framework of monograph.

Opening Statement: The purpose of this monograph is to determine whether or not the disruption of terrorist financing as part of an integrated and holistic approach is an effective way to enhance United States (U.S.) security, disrupt terrorist operations, and mitigate terrorist effects on U.S. strategic interests. Too often, individuals around the world talk about winning the war on terrorism and defeating terrorist organizations, such as al-Qaeda; unfortunately, as long as there are intolerant and violent humans on this earth, terrorism cannot and will not be defeated. Terrorism, prostitution, and drugs are criminal ventures with long histories and will probably always be present.<sup>2</sup> The focus of counterterrorism efforts, therefore, should not be on the elusive goal of "defeating terrorism," but instead should focus on understanding the underlying grievances, organizational structure, and vulnerabilities associated with terrorist organizations

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<sup>1</sup>John Roth, Douglas Greenburg, and Serena Wille, National Commission on Terrorist Attacks Upon the United States, *Monograph on Terrorist Financing: Staff Report to the Commission* (Washington, DC: Government Printing Office, 2004), 17.

<sup>2</sup>U.S. Senate, Committee on Banking, Housing, and Urban Affairs, Subcommittee on International Trade and Finance, Testimony by Matthew Levitt, Senior Fellow, Washington Institute for Near East Policy, "Role of Charities and NGOs in the Financing of Terrorist Activities," 1 August 2002, 2, Available from [http://banking.senate.gov/02\\_08hrg/080102/levitt.htm](http://banking.senate.gov/02_08hrg/080102/levitt.htm); Internet; Accessed on 18 September 2006.

and networks.<sup>3</sup> Once the U.S. gains these understandings, it should focus on disrupting terrorist organizations and make it more dangerous and costly for them to conduct their operational, logistical and financial activities.<sup>4</sup>

Background and Significance: Since the terror attacks of 11 September 2001, detecting and preventing terrorist activities have been top priorities for the United States Government (USG).<sup>5</sup> One of the goals of President George W. Bush's Global War on Terror (GWOT) is to deny terrorist groups access to the international financial system, to impair their ability to raise funds, and to expose, isolate, and incapacitate their financial networks.<sup>6</sup> Like most organizations, terrorist groups need financing to organize, recruit, train, and equip adherents.<sup>7</sup> If the U.S. is going to be effective in its fight against terrorist organizations, however, it must expand President Bush's financial dimension of the fight beyond the role of trying to deny terrorist access to financing and progress into the realm of using financial information as the "string" that leads to all aspects of terrorist operations. By disrupting access to financial resources and, more importantly, following its trail, the USG, through coordinated intelligence, investigations, prosecutions, sanctions, and diplomacy within the Interagency (IA), private sector, allies, and partner nations, can enhance U.S. security, disrupt terrorist operations, and mitigate terrorist effects on U.S. strategic interests.

Methodology: Although extensive information has been published on the subject of terrorist financing, the author's literature review demonstrated that the Department of Defense

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<sup>3</sup>Matthew Levitt, "Untangling the Terror Web: Identifying and Counteracting the Phenomenon of Crossover between Terrorist Groups," *SAIS Review* 24, no. 1 (2004): 33.

<sup>4</sup>Based on the limited scope of this monograph the author will focus on the disruption of terrorist financial activities.

<sup>5</sup>Roth, et al, 19.

<sup>6</sup>The White House, Executive Order 13224, *Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism*, 23 September 2001, Available from <http://www.fas.org/irp/offdocs/eo/eo-13224.htm>; Internet; Accessed on 27 February 2007.

<sup>7</sup>General Accounting Office, GAO-06-19, *Terrorist Financing: Better Strategic Planning Needed to Coordinate U.S. Efforts to Deliver Counter-Terrorism Financing Training and Technical Assistance Abroad* (Washington, DC: Government Printing Office, 2005), i.



(DoD) contributions to this effort falls short in the areas of: (1) IA facilitation and integration; and (2) the advancement of non-kinetic options outside the realm of classified plans and congressional testimony. The author attributes DoD's lack of academic rigor on the subject of terrorist financing to four factors: (1) the disruption of terrorist financing is seen as a non-traditional role (non-kinetic option); (2) no policy statement has been developed; (3) no way ahead has been developed; and (4) the DoD currently has no defined authorities under U.S. law and regulations with regard to threat financing nor does DoD have an overarching directive. However, without extensive IA facilitation and integration and advancement of all viable options to disrupt terrorist organizations, DoD is not fully leveraging its massive capabilities and resources.

The author intends to provide a general framework and several recommendations that the DoD, along with various government agencies, can implement to assist in disrupting terrorist financing. The author gathered the empirical data needed for the monograph through personal interviews and an extensive literature review. The author focused his research efforts on recognized and peer-evaluated journals, books, congressional testimony, sanctioned government reports, and recognized experts in the field of terrorist financing within academia, the DoD, and other government organizations.

Intent: The intent of this monograph is to examine the hypothesis that the effects of terrorist organizations on U.S. strategic interests can be disrupted and mitigated through: (1) giving an existing organization the mandate and funding authority to coordinate and direct the actions of all USG agencies (without stifling their flexibility or resources) against terrorist organizations; (2) enhancing multilateral cooperation and information sharing with IA, private sector, allies, and partner nations; (3) utilizing commercial off the shelf (COTS) technology to create an integrated communication network between the IAs, private sector, allies, and partner nations; (4) establishing a DoD policy and way ahead; and (5) adding to and modifying current U.S. laws, federal regulations, policies, and international conventions with the knowledge that

additional modifications will always be needed to facilitate this very adaptive and changing environment.

Intended Audience: Based on the wide range of organizations and interests covered with regard to terrorist organizations and financing, this monograph has a diverse audience that includes the USG, with a focus on the DoD and IAs, private sector, allies, partner nations, and academia.

Framework: This monograph is comprised of seven chapters: (1) introduction; (2) background; (3) mechanics of terrorist financing; (4) organizations with mandates to disrupt terrorist financing; (5) legal considerations; (6) issues, discussion, recommendations and desired effects; and (7) conclusion.

1. Introduction: The Introduction is six pages long and consists of five topic areas: (1) background and significance; (2) methodology; (3) intent; (4) identification of the intended audience; and (5) framework.

2. Background: The purpose of the background chapter is to communicate three ideas: (1) to give the reader a basic understanding of why it is important to target terrorist financing; (2) what is currently being done to target terrorist financing; and (3) how effective those efforts have been. Chapter Two is twelve pages long and consists of five topic areas: (1) terrorist organizations; (2) terrorist financing; (3) importance of terrorist finances; (4) current economic strategies and efforts against terrorist financing; and (5) current effects of U.S. and international efforts against terrorist financing.

3. Mechanics of Terrorist Financing: The purpose of the mechanics of terrorist financing chapter is to give the reader an understanding of how terrorist financing functions. Chapter Three is nine pages long and consists of three main topic areas: (1) functional analysis of terrorist financing; (2) sources and movement of terrorist funds; and (3) a comparison of money laundering and terrorist financing.

4. Organizations with Mandates to Disrupt Terrorist Financing: The purpose of the organizations with mandates to disrupt terrorist financing chapter is to communicate two ideas: (1) show the major U.S. and international organizations that have mandates to disrupt terrorist financing; and (2) identify some of the current weaknesses within the U.S. and international framework. Chapter Four is seventeen pages long and consists of three topic areas: (1) U.S. organizations with mandates to disrupt terrorist financing; (2) international organizations with mandates to disrupt terrorist financing; and (3) weaknesses within the U.S. and international framework with respect to disrupting terrorist financing.

5. Legal Considerations: The purpose of the legal consideration chapter is to communicate two ideas: (1) to give the reader a basic understanding of the authorities that international and U.S. organizations have to facilitate the disruption of terrorist financing; and (2) identify key seams and gaps within U.S. law and international conventions that are vulnerable to exploitation by terrorist organizations. Chapter Five is ten pages long and consist of three main topic areas: (1) international conventions and resolutions; (2) U.S. laws and federal regulations; and (3) exploitable seams and gaps within current U.S. law and international conventions.

6. Recommendations and Desired Effects: The purpose of the recommendations and desired effects chapter is to communicate several recommendations on how to disrupt terrorist organizations in the Twenty-First Century. Chapter Six is seventeen pages long and consists of five main topic areas that include the following recommendations to enhance the disruption of terrorist financing: (1) a designated organization with the mandate and funding authority to coordinate and direct the actions of all USG agencies against terrorist organizations; (2) enhanced multilateral cooperation and information sharing; (3) an integrated and collaborative communications sharing network; (4) establishing a DoD policy and way ahead; and (5) additions and modifications to current U.S. and international legal framework.

7. Conclusion: The conclusion is two pages long and discusses whether or not the disruption of terrorist financing is an effective way to mitigate the threat of terrorist activities on

U.S. interests at home and abroad.

## CHAPTER TWO

### BACKGROUND

This morning, a major thrust of our war on terrorism began with the stroke of a pen. Today, we have launched a strike on the financial foundation of the global terror network... we will direct every resource at our command to win the war against terrorists: every means of diplomacy, every tool of intelligence, every instrument of law enforcement, every financial influence. We will starve the terrorists of funding, turn them against each other, rout them out of their safe hiding places and bring them to justice.

President George W. Bush, 24 September 2001<sup>8</sup>

Purpose: The purpose of this chapter is to communicate three ideas: (1) to give the reader a basic understanding of why it is important to target terrorist financing; (2) what is currently being done to target terrorist financing; and (3) how effective those efforts have been. Chapter Two consists of five topic areas: (1) terrorist organizations; (2) terrorist financing; (3) importance of terrorist finances; (4) current economic strategies and efforts against terrorist financing; and (5) current effects of U.S. and international efforts against terrorist financing.

### **Terrorist States, Organizations, Networks, and Individuals**

The terms terrorist state, terrorist organization, and terrorist as used in this monograph include: (1) the five countries currently designated as State Sponsors of Terror (SSTs) by the Secretary of State pursuant to three laws; (2) the 42 organizations currently designated as Foreign Terrorist Organizations (FTOs) by the Secretary of State; and (3) the 426 individuals and organizations designated as Specially Designated Global Terrorists (SDGTs).<sup>9</sup> In addition, it

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<sup>8</sup>The White House, Executive Order 13224.

<sup>9</sup>Section (§) 6(j) of the Export Administration Act, § 40 of the Arms Export Control Act, and § 620A of the Foreign Assistance Act; Pursuant to 8 United States Code (U.S.C.) § 1189; Pursuant to 50 U.S.C. §§ 1701-1706, International Emergency Economic Powers Act (IEEPA); See Appendix B: SST, FTOs, SDGTs, TEL, and SDN, consolidated from the US Department of State web site, Available from

includes any person or organization that intends to carry out or aid, assist, or support an act of domestic or foreign terrorism as those terms are defined by 18 U.S.C. § 2331(1) and (5).<sup>10</sup>

Scope of Problem: Currently, the FTOs confronting the U.S. are non-monolithic, transnational movements of extremist organizations, networks, and individuals--and their state and non-state supporters.<sup>11</sup> For example, al-Qaeda currently functions as the terrorist movement's vanguard and remains, along with its affiliate groups and those inspired by them, the most dangerous present manifestation of the enemy. What unites the al-Qaeda movement is a common vision and set of ideas about the nature and destiny of the Islamic world. Fueled by a radical ideology, in which terrorists seek to expel Western power and influence from the Muslim world and establish regimes that rule according to a violent and intolerant distortion of the Islamic faith.<sup>12</sup>

## **Terrorist Financing**

For the purposes of this monograph, the term *terrorist financing* is defined as any form of financial support of terrorism or financial support of those who encourage, plan, or engage in terrorism. The term fund refers to financial holdings, cash accounts, securities, and debt obligations.<sup>13</sup>

The sources, movement, and storage of the various alternative financing mechanisms used by terrorist organizations to finance their networks are as diverse as the many different

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<http://www.state.gov/>, and the US Treasury Department web site, Available from <http://www.ustreas.gov/>; Internet; Accessed on 18 September 2006; and See Appendix C: U.S. Laws, Federal Regulations, Federal Register Notices, and Policies, consolidated from the US Department of State web site, Available from <http://www.state.gov/>; the Treasury Department web site, Available from <http://www.ustreas.gov/> and Cornell School of Law web site, Available from <http://www4.law.cornell.edu/>; Internet; Accessed on 18 September 2006.

<sup>10</sup>See Appendix C: and Appendix B.

<sup>11</sup>See Appendix D: Osama bin Laden's Caliphate with FTO Locations Overlaid.

<sup>12</sup>National Strategy for Combating Terrorism, September 2006, 5.

<sup>13</sup>United Nations, *UN Action to Counter-Terrorism*, 9 December 1999, Available from <http://www.un.org/terrorism/>; Internet; Accessed on 27 February 2007.

cultures of the world.<sup>14</sup> Some terrorist organizations, such as those in Europe, East Asia, and Latin America, rely on common criminal activities such as: (1) extortion; (2) kidnapping; (3) narcotics trafficking; (4) counterfeiting; and (5) fraud, to support their operations. Other terrorist organizations, such as those in the Middle East, tend to rely on: (1) not-for-profit (NFP) organizations; (2) donations from witting and unwitting individuals as well as businesses; and (3) funds skimmed from charitable organizations. Still other terrorist organizations rely on SST for funding, although this trend appears to be decreasing in recent years.<sup>15</sup> Regardless of the method terrorist organizations use to fund their operations, two facts should be remembered: (1) terrorists, like all criminals, focus on crimes of opportunity in vulnerable locations throughout the world; and (2) terrorists will continue to adapt and create new methods of financing their organizations in order to avoid detection and maintain a viable financial infrastructure to facilitate their end state.<sup>16</sup>

Scope of Problem: There are two primary difficulties in determining the scope of the problem with regard to terrorist financing: (1) the USG still has not determined with any precision how much money terrorist organizations such as al-Qaeda raise, from whom, or how they spend their money; and (2) most of the money funding al-Qaeda and other Islamist groups originates and is disbursed outside the U.S. and its jurisdiction.<sup>17</sup> Based on the extrapolation of current data available, however, the author will argue that terrorist organizations are experiencing

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<sup>14</sup>See Appendix E: Alternative Financing Mechanisms: Sources, Movement and Storage.

<sup>15</sup>House of Representatives, Committee of Financial Services, Subcommittee on Oversight and Investigations, Statement by Juan C. Zarate, "Patriot Act oversight: Investigating Patterns of Terrorist Financing," 12 February 2002, 7, Available from <http://financialservices.house.gov/media/pdf/107-53.pdf>; Internet; Accessed on 27 February 2007.

<sup>16</sup>General Accounting Office, GAO-04-163, *Terrorist Financing: U.S. Agencies Should Systematically Assess Terrorists' Use of Alternative Financing Mechanisms* (Washington, DC: Government Printing Office, 2003), 9-10; and General Accounting Office, GAO-04-501T, *Combating Terrorism, Federal Agencies Face Continuing Challenges in Addressing Terrorist Financing and Money Laundering* (Washington, DC: Government Printing Office, 2004), 6.

<sup>17</sup>U.S. Senate, Committee on Governmental Affairs, Testimony by Lee L. Wolosky, Schiller Boies, and LLP Flexner, "Terrorist Financing," 29 September 2004, 1-2.

minor difficulties in raising funds for their organizations and operations. The Central Intelligence Agency (CIA) estimates that it cost al-Qaeda, who was the major sponsor of the Taliban in Afghanistan, about \$30 million per year to sustain its activities before 9/11, an amount raised almost entirely through donations.<sup>18</sup> In 2001, The U.S. seized \$264,935,075 in assets belonging to the Taliban that were under U.S. jurisdiction.<sup>19</sup> Based on that analysis alone, al-Qaeda had nine and one half years worth of operating expenses under the jurisdiction of one country in support of one organization. Although the U.S., its allies, and partner nations have made significant strides since 9/11, it is premature to assume that terrorist organizations are having difficulty funding their organizations and operations. What is important is that the global effort against terrorist financing has made it more expensive and more difficult to raise and move funds.

Current Trends: Like other criminal organizations, terrorist organizations such as al-Qaeda adapt quickly and effectively, creating new challenges with respect to understanding their financing mechanisms. However, unlike the pre-9/11 al-Qaeda model of a single organization raising money that is then funneled through a central source (finance committee), the U.S. is now contending with an array of loosely affiliated groups, each raising funds on its own initiative.<sup>20</sup>

Arguably, financial facilitators are still at the core of terrorist organizations' revenue stream. Although there is little question that the arrests and deaths of several important facilitators have decreased the amount of funds terrorist organizations have at their disposal, they still have the ability to fund their operations. Based on the moderate success against financial facilitators, terrorist organizations are beginning to rely more on the physical movement of money and other informal methods of value transfer, which can pose significant challenges for those attempting to

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<sup>18</sup>See Appendix A: U.S. Organizations and Efforts to Disrupt Terrorist Financing; and Roth et al., 19.

<sup>19</sup>Department of the Treasury, Office of Foreign Assets Control, *Terrorist Assets Report 2001*, (Washington, DC: Government Printing Office, December 2001), 9.

<sup>20</sup>Roth et al., 29.



detect and disrupt terrorist financing.<sup>21</sup> Because of the complexity and variety of ways to collect and move small amounts of money in a vast worldwide financial system, gathering intelligence on terrorist organizations financial flows will remain an elusive target for the foreseeable future.<sup>22</sup>

Based on current analysis of financial trends, terrorist organizations appear to be migrating toward: (1) alternative financing mechanisms, including: (a) cash couriers; (b) alternative remittance systems; (c) stored value cards; (d) digital currency; and (e) Islamic banking; (2) NFP organizations, including front organizations and charities; and (3) criminal activity, including: trade and commodities based schemes and benefits fraud.<sup>23</sup> It is important to remember, however, that just because there appears to be a current trend toward certain methods of moving funds; terrorists still utilize other less favorable or even unknown methods to support their organizations.<sup>24</sup>

## **Importance of Terrorist Finances**

While actual terrorist operations require only comparatively modest funding, international terrorist groups need significant amounts of money to organize, recruit, train, and equip new adherents and to otherwise support their infrastructure.<sup>25</sup> Louise Richardson, Executive Dean of Radcliff Institute of Advanced Studies, argues “that terrorist organizations can exist on very little funding . . . because their most important resource is that they have an ideology that is able to win them recruits. They have an argument that they’re making successfully about depicting us (U.S.) as their enemy. And we’re letting them make that

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<sup>21</sup>Ibid., 9.

<sup>22</sup>Ibid., 17.

<sup>23</sup>U.S. Senate, Committee on Banking, Housing, and Urban Affairs, Testimony of Anthony E. Wayne, Assistant Secretary for Economic and Business Affairs, “The State Department Role in Combating the Financing of Terrorism,” 4 April 2006, Available from <http://www.state.gov/e/eeb/rls/rm/2006/64109.htm>; Internet; Accessed on 18 September 2006; and authors personal analysis.

<sup>24</sup>General Accounting Office, GAO-06-19, 5.

<sup>25</sup>Ibid.

argument.”<sup>26</sup> However, the fact remains that terrorist organizations must have financing to: (1) pay for protection “safe havens;” (2) bribe “corrupt” public officials; (3) conduct recruitment, indoctrination, and training; (4) pay for general operational expenses and equipment; (5) provide logistical support; (6) communicate; (7) increase their organizations infrastructure; (8) pay operatives’ families; (9) provide support to families of martyrs; (10) fund humanitarian efforts; and (11) pay for various other sundry items.<sup>27</sup> In short, terrorist organizations require considerable amounts of funds to be raised, moved, and stored through various means to conduct operations.<sup>28</sup> These funds leave identifiable and traceable footprints in the global financial systems, and these footprints must be pursued “downstream” to identify future perpetrators and facilitators, and “upstream” to identify funding sources and disrupt supporting entities and individuals.<sup>29</sup>

Decisive Point: Joint Publication 1-02, *DoD Dictionary of Military and Associated Terms*, defines a decisive point as “a geographic place, specific key event, critical factor, or function that, when acted upon, allows commanders to gain a marked advantage over an adversary or contribute materially to achieving success.”<sup>30</sup> Based on the fact that terrorist organizations require financing to operate, finances are a critical factor, and if disrupted will contribute to the U.S., its allies, and partner nations’ success in the fight against terrorism.

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<sup>26</sup>Richard Shelby, U.S. Senator, Senate Banking Committee to Hold Hearing on Terrorist Financing, Washington, DC: 20 October 2003, 37, Available from <http://shelby.senate.gov/legislation/legis-record.cfm?id=213770>; Internet; Accessed on 27 February 2007.

<sup>27</sup>Kitfield and Levey, 2.

<sup>28</sup>See Appendix E.

<sup>29</sup>House of Representatives, Committee on Government Reform, Subcommittee on Criminal Justice Drug Policy and Human Resources, Testimony of Daniel L. Glaser, Director, Executive Office for Terrorist Financing and Financial Crime, U.S. Department of the Treasury, 11 May 2004, 2, Available from <http://www.ustreas.gov/press/releases/js1539.htm>; Internet; Accessed on 18 September 2006.

<sup>30</sup>Headquarters Department of Defense, Joint Publication 1-02, *DoD Dictionary of Military and Associated Terms* (Washington, DC: Government Printing Office, 2006), 146.

After the 9/11 attacks, the U.S. and its allies quickly recognized the urgent need to detect, dismantle, and deter terrorist financing networks around the world.<sup>31</sup> The 9/11 attacks could never have been executed without the logistical assistance of a sophisticated and well-entrenched support network. The *9/11 Commission Report* demonstrates that the nineteen hijackers were funded and facilitated by dozens of individuals, cells, front organizations, and affiliates that provided essential logistical support. Long-term logistical planning also went into the bombing of the United States Ship (USS) *Cole* and the embassies in East Africa. Accordingly, an individual, group, or state that provides funds, travel documents, training, or other support for terrorist activity is no less important to a terrorist network than the operative who executes the attack. A key lesson learned from 9/11 is that counterterrorism efforts must target financial and logistical cells with the same vigor as operational cells.<sup>32</sup>

Nodal Analysis: Joint Publication 1-02, *DoD Dictionary of Military and Associated Terms*, defines a node as “an element of a system that represents a person, place, or physical thing.”<sup>33</sup> A close examination of terrorist networks reveals there are key nodes in their organizations that have become the preferred conduits used by terrorists to fund and facilitate attacks.<sup>34</sup> If, therefore, the world is serious about disrupting the terrorists’ operating environment, countries need to look at key nodes in the network, such as financing, which terrorist’s organizations use to raise, launder, and transfer funds.<sup>35</sup>

One of the advantages of focusing on financial nodes is that many of them are not peculiar to one terrorist group. For example, the International Islamic Relief Organization (IIRO)

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<sup>31</sup>A More Secured World: Our Shared Responsibility, United Nations, December 2004.

<sup>32</sup>National Commission on Terrorist Attacks Against the United States. 22 July 2004; 108-214.

<sup>33</sup>Joint Publication 1-02, 375.

<sup>34</sup>U.S. Senate, Judiciary Subcommittee on Terrorism, Technology, and Homeland Security, Matthew A. Levitt, Senior Fellow in Terrorism Studies and The Washington Institute for Near East Policy “Terrorist Financing,” 10 September 2003, 3.

<sup>35</sup>*Ibid.*, 1-3.

finances the activities of a diverse cross-section of international terrorist groups. From 1986 to 1994, Osama bin Laden's brother-in-law, Muhammad Jamal Khalifa (killed in 2007), headed the IIRO's Philippines office, through which he channeled funds to al-Qaeda affiliates, including Abu Sayyaf and the Moro Islamic Liberation Front (MILF). In 1999, an IIRO employee in Canada was linked to the Egyptian Islamic Jihad. More recently, official Palestinian documents seized by Israeli forces in April 2002 established that the IIRO donated at least \$280,000 to Palestinian charities and organizations that U.S. authorities have linked to Hamas.<sup>36</sup>

Actionable Intelligence: By redirecting additional assets toward financial intelligence to enhance the monitoring of funds through the financial nodes of various terrorist networks, the U.S., its allies, and partner nations can increase the amount of actionable intelligence for the consumer which will further assist in the disruption of terrorist operatives, sympathizers, financiers, and future actions.<sup>37</sup> However, attempting to understand and monitor terrorist financial nodes to garner actionable intelligence is hindered by several ongoing challenges, such as: (1) the speed, diversity, and complexity of the means and methods terrorists use for raising and moving funds; (2) the commingling of terrorist money with legitimate funds; (3) the many layers and transfers between donors and the ultimate recipients of the funds; (4) the existence of unwitting participants; (5) the lack of a clearly defined and integrated chain of authority and oversight within the U.S.; and (6) the lack of a common communications architecture, familiarity with the information, and process for sharing within and between the U.S., its allies, and partner nations.<sup>38</sup>

Although financial information can create actionable intelligence by establishing a solid and reliable link between individuals, networks, and organizations, taking disruptive action

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<sup>36</sup>Ibid., 3.

<sup>37</sup>Lee H. Hamilton, Vice Chair, and The National Commission On Terrorist Attacks Upon The United States, "Terrorist Financing," FDCH Congressional Testimony, 1.

<sup>38</sup>Roth et al., 17-19.

is not always the most desirable course of action.<sup>39</sup> The current intelligence community approach appropriately focuses on using financial transactions, in close coordination with other types of intelligence, to identify and track terrorist groups rather than starving them of funding, as was the case early on in the fight against terrorists.<sup>40</sup> By utilizing these passive and synergistic intelligence techniques, countries improve their analyses of how terrorist organizations raise, move, and utilize their financial assets and develop a better understanding of the overall organizational structure, in addition to their interrelationship with other organizations and networks.

## **Economic Strategies and Efforts against Terrorist Financing**

Since 1995, the USG has used economic sanctions as a tool against international terrorist organizations, which was a significant departure from the traditional use of sanctions against countries or regimes. Immediately following the events on 9/11, President Bush issued Executive Order (EO) 13224, significantly expanding the scope of U.S. sanctions against terrorist organizations.<sup>41</sup> President Bush's combination of programs targeting terrorist organizations and governments that support terrorists through EO 13224 and other programs constituted a wide ranging assault on international terrorism, its supporters, and financiers.<sup>42</sup>

The U.S. strategy against terrorist financing has evolved considerably since the early days of EO 13224. While diminishing terrorist funds remains the most visible aspect of the U.S.

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<sup>39</sup>Kitfield and Levey, 2.

<sup>40</sup><sup>40</sup>Lee H. Hamilton, Vice Chair, and The National Commission On Terrorist Attacks Upon The United States, "Terrorist Financing," FDCH Congressional Testimony, 4.

<sup>41</sup>See Appendix C.

<sup>42</sup>Department of Treasury, Office of Foreign Assets Control, *Terrorist Assets Report 2005*. Fourteen Report to Congress on Assets in the United States of Terrorist Countries and Internal Terrorism Program Designees, December 2005, 5, Available from <http://www.treas.gov/offices/enforcement/ofac/reports/tar2005.pdf>; Internet; Accessed on 18 September 2006.

approach, it is no longer the only, or even most important, aspect.<sup>43</sup> USG efforts to combat terrorist financing both at home and abroad include a number of interdependent activities such as: (1) terrorist designation; (2) intelligence and law enforcement; (3) setting international standards; and (4) international training and technical assistance programs. First, the USG designates terrorists and then blocks or passively monitors their assets and financial transactions, and supports the similar efforts of other countries in this regard. In addition, the UN generally designates those same terrorist organizations internationally under such United Nations Security Council Resolutions (UNSCRs) as 1267, 1373, and 1617 in an attempt to isolate them from the global financial network. Second, U.S. intelligence and law enforcement personnel conduct operations and investigations, and exchange information and evidence with each other and their respective counterparts abroad. Third, U.S. agencies work through international entities, such as the United Nations (UN) and the intergovernmental Financial Action Task Force (FATF), to help facilitate international standards which assist in disrupting terrorist financial nodes.<sup>44</sup> Finally, the USG provides training and technical assistance directly to vulnerable countries and works with its allies and partner nations to leverage resources to facilitate said efforts.<sup>45</sup>

Since terrorist organizations often operate internationally, a key component of the fight against terrorists is to build effective and integrated international cooperation. Diplomacy is one of the critical aspects to winning the political commitment from which cooperation in other areas originates, and the U.S. State Department (DOS), through its embassy teams, plays a vital role in that effort.<sup>46</sup> Through enhanced cooperation and complete integration with intelligence activities, law enforcement officials will develop a better understanding of the situation and

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<sup>43</sup>Roth et al., 1.

<sup>44</sup>See Appendix F: International Organizations and Efforts to Disrupt Terrorist Financing.

<sup>45</sup>General Accounting Office, GAO-06-19, 2.

<sup>46</sup>See Appendix A.

ultimately enhance the U.S. disruption of terrorist organizations.<sup>47</sup> Through active integration and cooperation that entails a clearly defined chain of authority and oversight, a shared communications architecture, and enhanced utilization of resources, the U.S., its allies, and partner nations will be successful in detecting, disrupting, and dismantling terrorist financial networks throughout the world.

## **Effects of U.S. and International Efforts Against Terrorist Financing**

The U.S. and international community have achieved important successes in disrupting the financial underpinnings of terrorist networks. Raising and moving funds is now harder, costlier, and riskier for terrorist organizations. The U.S., its allies, and partner nations have: (1) frozen and seized terrorist assets; (2) exposed, monitored, and dismantled known channels of funding when warranted; (3) deterred donors; (4) arrested key facilitators; and (5) built higher hurdles in the international financial system to prevent abuse by terrorists' organizations.<sup>48</sup>

As of 31 December 2005, according to the U.S. Treasury Department, Terrorist Asset Report for which twenty Federal agencies and offices contribute data into the total number of assets blocked in the U.S. relating to FTOs, SDTs, and SDGTs pursuant to EOs 12947, 13099, and 13224, the total value of blocked assets has totaled \$13,793,102.<sup>49</sup> More than \$471,000,000 in assets relating to five designated state sponsors of terrorism is also located within U.S. jurisdiction. Of that amount, \$368,400,000 in assets was blocked pursuant to economic sanctions imposed by the U.S. and administered by the Office of Foreign Assets Control (OFAC).<sup>50</sup> The

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<sup>47</sup>General Accounting Office, GAO-06-19, 3.

<sup>48</sup>*Ibid.*, 33.

<sup>49</sup>See Appendix G: Consolidated U.S. Treasury Terrorist Asset Reports.

<sup>50</sup>See Appendix A.

remaining balance of \$103,000,000 in assets represents non-blocked funds of individuals and entities from Iran and Syria.<sup>51</sup>

The amount of assets blocked under the public designation process is not, however, a primary measure of effectiveness of anti-terrorism programs for two reasons. First, countries that have been declared as supporters of terrorist activities whose assets are not currently blocked by a sanctions program are extremely reluctant to hold assets in the U.S.<sup>52</sup> Second, the blocking of terrorist organizations' assets, with the notable exception of the Taliban, tends to be a small amount of funds. The usefulness of these actions lies in the fact that: (1) they encourage other countries to take their own actions against suspected terrorist financing networks; (2) they discourage less ardent supporters from wittingly funding terrorist organizations for fear of being designated a terrorist and having their bank accounts frozen; (3) they facilitate the dismantling of entire terrorist financial networks, making it more difficult for terrorist organizations to raise funds and finance terrorist operations; and (4) it causes terrorists to resort to other non-traditional, more costly and uncertain, but still serviceable mechanisms for moving assets globally.<sup>53</sup> While freezing the funds of terrorists can be used as a tool against terrorist organizations, it is by no means the only or most effective means to disrupt these organizations.

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<sup>51</sup>Department of Treasury, *Terrorist Assets Report 2005*, 6.

<sup>52</sup>General Accounting Office, GAO-06-19, 33.

<sup>53</sup>U.S. Senate, Committee on Governmental Affairs, Testimony by Lee L. Wolosky, Schiller Boies, and LLP Flexner, "Terrorist Financing," 29 September 2004, 3.



## CHAPTER THREE

### MECHANICS OF TERRORIST FINANCING

For more than 2,000 years, military strategists have recognized the truism that armed conflict cannot be waged until it has been financed.

Todd M. Hinnen, Director for Combating Terrorism, National Security Council <sup>54</sup>

Purpose: The purpose of this chapter is to give the reader an understanding of how terrorist financing functions. Chapter Three consists of three main topic areas: (1) functional analysis of terrorist financing; (2) sources and movement of terrorist funds; and (3) a comparison of money laundering and terrorist financing.

#### Functional Analysis of Terrorist Financing

Terrorist organizations use a variety of alternative financing mechanisms to raise, move, and store their funds based on common factors that are similar to other criminal organizations.<sup>55</sup> The terrorist organizations' goals are to: (1) operate in relative obscurity; (2) utilize mechanisms involving close knit networks; and (3) move their funds through industries and mechanisms that lack transparency and are poorly regulated.<sup>56</sup>

Due to the criminal nature of terrorist organizations, their use of alternative financing mechanisms and the lack of systematic data collection, analysis, and sharing of intelligence within the USG, the actual extent of alternative financing mechanisms by terrorist organizations is currently unknown. In the past, U.S. law enforcement agencies, in particular the Federal Bureau of Investigation (FBI), which leads terrorist financing investigations, did not systematically collect and analyze data on alternative financing mechanisms.<sup>57</sup> Unfortunately, this

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<sup>54</sup>Todd M. Hinnen, "The Cyber-Front in the War on Terrorism: Curbing Terrorist use of the Internet," *The Columbia Science and Technology Law Review*, vol. 5 (2004): 2.

<sup>55</sup>As referenced in Appendix E.

<sup>56</sup>General Accounting Office, GAO-04-501T, 6.

<sup>57</sup>See Appendix A.

lack of data collection hindered the FBI and other IA's from conducting systematic analysis of trends and patterns focused on alternative financing mechanisms. Without rigorous data collection, the FBI, and more importantly, the USG lacked the capability to conduct analyses that would have aided in assessing risk and prioritizing the U.S. efforts and limited resources. Moreover, despite an acknowledged need by most government agencies for further data collection, analysis, and the sharing of intelligence with regard to the use of alternative financing mechanisms by terrorists, few rigorous studies have been conducted in this area.<sup>58</sup>

Organizational Structure: The U.S. can no longer afford to assume terrorist organizations utilize the simple “chain” or “line” network structures, with perfect little circles that do not bleed or cross over into one another.<sup>59</sup>

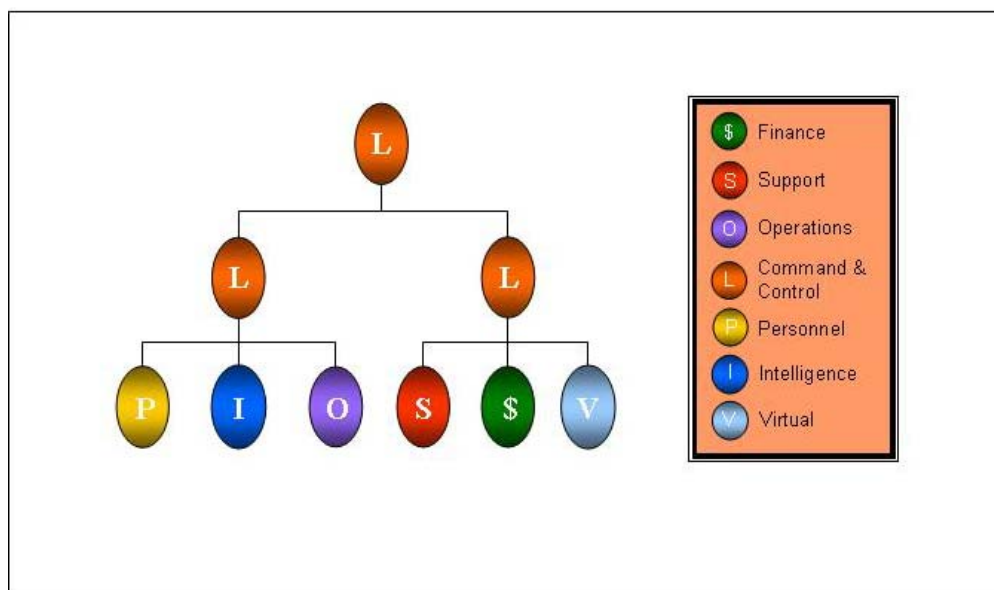


Figure 1. Example Terrorist Organizations Hierarchal Structure

<sup>58</sup>General Accounting Office, GAO-04-163, 3.

<sup>59</sup>See Figure 1: Example Terrorist Organization Hierarchal Structure; and U.S. Senate, Judiciary Subcommittee on Terrorism, Technology, and Homeland Security, Matthew A. Levitt, Senior Fellow in Terrorism Studies and The Washington Institute for Near East Policy, “Terrorist Financing,” 10 September 2003, 19.

*Source:* This figure was adapted by the author from the unpublished work of Major Grant Morris and The School of Advanced Military Studies Program Special Operations Elective.

The principal international terrorist organization today is best described as a “full matrix” network, the most highly-developed network due to the fact that all of its members are connected to, and can communicate with, all other members.<sup>60</sup> This “full matrix” relationship between terrorists who belong to one or another group is what makes the threat of international terrorism so dangerous today. For example, while there are no known headquarters-to-headquarters links between al-Qaeda and Hezbollah, the two groups are known to have held senior level meetings over the past decade and to maintain ad hoc, person-to-person ties in the areas of training and logistical support activities.<sup>61</sup>

Too often, the USG pigeonholes terrorists as members of one group or another, as if operatives carry membership cards around in their wallets. Today’s terrorists are better defined as belonging to a “network of networks,” which is both informal and unstructured.<sup>62</sup> For instance, not every al-Qaeda operative has pledged an oath of allegiance (*bayat*) to Osama bin Laden, while many terrorists maintain affiliations with members of other terrorist groups and facilitate one another’s activities.<sup>63</sup> Even though terrorist organizations tend to maintain the cellular structure at the tactical level for security purposes, one of their critical vulnerabilities at the operational and strategic level lies in the area of terrorist financing and logistical support due to

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<sup>60</sup>See Figure 2; and John Arquilla and David Ronfeldt, *Networks and Netwars: The Future of Terror, Crime, and Military* (Santa Monica CA: National Defense Research Institute, 2001), 30.

<sup>61</sup>U.S. Senate, Judiciary Subcommittee on Terrorism, Technology, and Homeland Security, Matthew A. Levitt, Senior Fellow in Terrorism Studies and The Washington Institute for Near East Policy, “Terrorist Financing,” 10 September 2003, 19.

<sup>62</sup>Levitt, *SAIS Review*, 2.

<sup>63</sup>U.S. Senate, Judiciary Subcommittee on Terrorism, Technology, and Homeland Security, Matthew A. Levitt, Senior Fellow in Terrorism Studies and The Washington Institute for Near East Policy, “Terrorist Financing,” 10 September 2003, 1-3.

the overlap and cooperation between terrorist groups and facilitators within their “network of networks.”

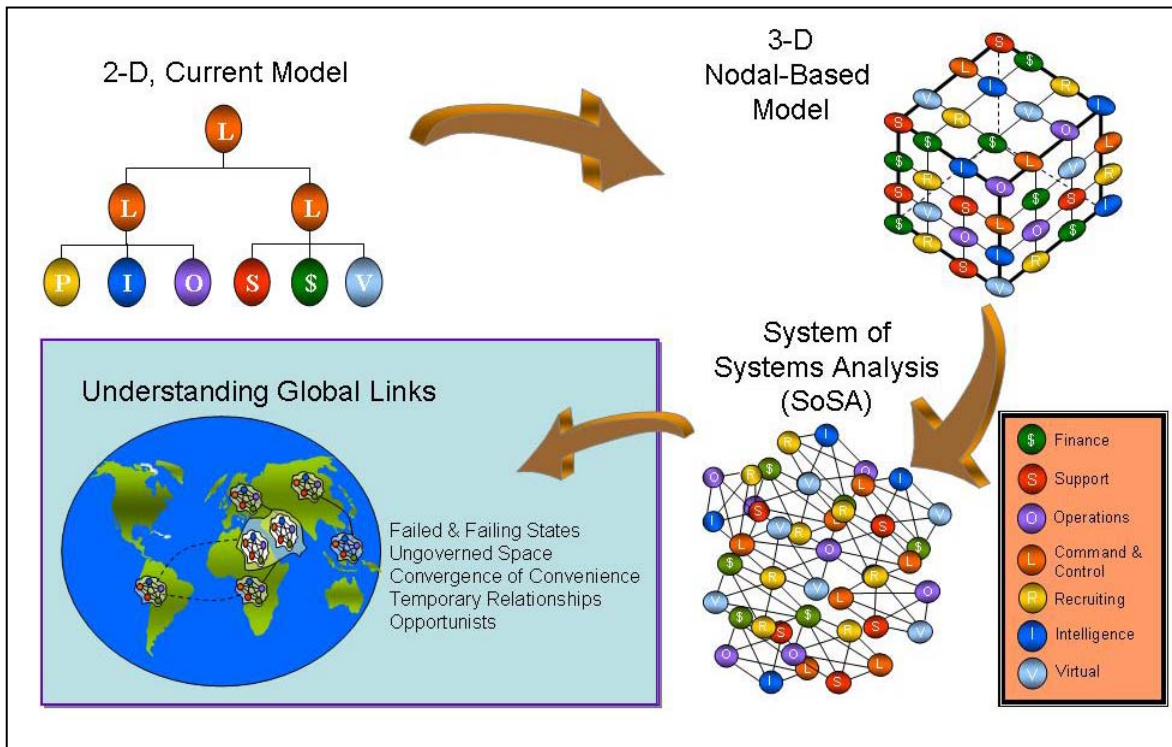


Figure 2. Example Terrorist Network Systems of Systems Structure

Source: This figure was adapted by the author from the unpublished work of Major Grant Morris and The School of Advanced Military Studies Program Special Operations Elective.

Command and Control: Joint Publication 1-02, *DoD Dictionary of Military and Associated Terms*, defines command and control as “the exercise of authority and direction by a properly designated commander over assigned and attached forces in the accomplishment of the mission. Command and control functions are performed through an arrangement of personnel, equipment, communications, facilities, and procedures employed by a commander in planning, directing, coordinating, and controlling forces and operations in the accomplishment of the mission.”<sup>64</sup> Unfortunately, terrorist networks do not have or utilize the same definition for

<sup>64</sup>Joint Publication 1-02, 101.

command and control as the U.S. and many of its allies and partner nations. The implication of this fact is the increased need for the U.S. and its partners to maintain flexibility and perhaps even adapt their own command and control architecture to better enhance their disruption efforts.

The “full matrix” network represents the greatest potential threat to traditional hierarchical organizations and established governments like the U.S., especially as information technologies such as the internet enhance communication among network members.<sup>65</sup> The “full matrix” network’s flat organizational architecture means that there may be no single leader. As is the case with al-Qaeda, contrary to popular belief, and is why the organization is capable of conducting operations with or without the leadership of Osama bin Laden. Decision making and tactical operations are instead distributed among autonomous terrorist networks that share overarching principles, beliefs, and end states, such as the return of the caliphate.<sup>66</sup> Maintenance of such shared principles, beliefs, and end states does, however, require the means for mutual consultation and consensus building among network nodes. Information technologies play a vital role in providing this means of information sharing among terrorist networks, but personal contact among node members is still necessary at times.<sup>67</sup>

Information Sharing: Although information can be shared in many different ways and forms, one of the most common, safest, and effective means between terrorist networks is the Internet.<sup>68</sup> Terrorists use the Internet to: (1) develop and disseminate propaganda; (2) recruit new members; (3) raise and transfer funds; (4) train members on weapons use and tactics; (5) plan operations; and (6) share documents and stored information with other terrorists throughout the

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<sup>65</sup>White House, “National Strategy for Combating Terrorism,” September 2006, 17. Available from <http://www.state.gov/s/ct/rls/wh/71803.htm>; Internet; Accessed on 15 March 2007.

<sup>66</sup>Arquilla and Ronfeldt, 33.

<sup>67</sup>Ibid., 34.

<sup>68</sup>For the purposes of this monograph, the term “Internet” does not include the separate network infrastructures provided for automated teller machine (ATM), wire transfer, or debit and credit card networks, although it does include web-based applications through which debit, credit or value card transactions may be accomplished.

world.<sup>69</sup> Terrorists can also access the vast wealth of information available on the Internet to facilitate operations, logistics, and financial support.<sup>70</sup>

## **Sources and Movement of Terrorist Funds**

Sources of Terrorist Financing: Terrorist organizations raise funds through a variety of sources, including: (1) NFP organizations, witting and unwitting; (2) individual contributors, witting and unwitting; (3) criminal activity; (4) corporate contributors, witting and unwitting; (5) operating businesses; (6) state sponsors; and (7) legal employment.<sup>71</sup> These funds provide the interchangeable, easily transportable means to secure all other forms of material support.

Movement of Terrorist Funds: Once the funds are raised, terrorist organizations move the funds through several mechanisms, including: (1) cash couriers; (2) alternative remittance systems “informal value transfer,” such as hawalas and hundis; (3) stored value cards; (4) digital currency; (5) Islamic banking systems; (6) financial facilitators; (7) trade and commodities-based methods; (8) the Internet, through casinos and auctions; (9) wire transfers; and (10) formal international banking systems.<sup>72</sup> If the U.S. and its partners are going to succeed in the fight against terrorists, they must deprive terrorists of the material support they require by disrupting and monitoring the various funding sources and by interdicting the different movement mechanisms currently available. However, disrupting and monitoring terrorist funds without stifling the legal movement of funds remains a major challenge.

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<sup>69</sup>White House, “National Strategy for Combating Terrorism,” 17.

<sup>70</sup>The terms WWW and Internet are often, but incorrectly, used interchangeably. The Internet describes the network itself: (1) the computers; (2) the physical or virtual connections; and (3) all of the protocols and applications it supports. Whereas the WWW describes the resources available on that network through the use of one particular protocol, the hypertext transfer protocol (HTTP).

<sup>71</sup>White House, “National Strategy for Combating Terrorism,” 12.

<sup>72</sup>Courtney J. Linn, “How Terrorists Exploit Gaps in US Anti-Money Laundering Laws to Secrete Plunder,” *Journal of Money Laundering Control* 8, no. 3 (March 2005): 1.

## Comparison of Money Laundering and Terrorist Financing

Experts on money laundering and terrorist financing continue to argue that there are many similarities between the techniques, tactics, and procedures used by both organizations to conceal and move funds around the world.<sup>73</sup> Three of those similarities include: (1) the layering of funds to conceal their sources; (2) the need to avoid transparency of actions to law enforcement; and (3) identifying and exploiting states that have weak laws and regulations.<sup>74</sup>

Despite these recognized similarities, there are many important differences between money laundering and terrorist financing.<sup>75</sup> First, money launderers often attempt to place large quantities of illegal funds into a financial system without detection, while terrorists only need to move a small amount of funds to support operations.<sup>76</sup> Second, the terrorists' use of social and religious organizations and, to a lesser extent, state sponsorship, differentiates their funding sources from those of other criminal organizations.<sup>77</sup> Finally, in cases of money laundering, the proceeds of illicit activities are structured in ways to make the proceeds appear legitimate, with the ultimate end state being the attainment of wealth. However, with terrorist financing, the source of financing is often legitimate, as in the case of unwitting charitable donations, with the ultimate goal of committing acts of violence against innocent victims.<sup>78</sup>

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<sup>73</sup>General Accounting Office, GAO-06-19, 6.

<sup>74</sup>Financial Action task Force on Money Laundering: Report on Money Laundering Typologies, 2001-2002, 3.

<sup>75</sup>See Figure 3: Money Launder and the Financing of Terrorism, for an example of similarities and differences in money laundering and terrorist financing.

<sup>76</sup>Department of State. *2002 International Narcotics Control Strategy Report*, 3 March 2003, 6, Available from <http://fpc.state.gov/fpc/18154.htm>; Internet; Accessed on 18 September 2006.

<sup>77</sup>General Account Office, GAO-06-19, 5.

<sup>78</sup>House of Representatives, Committee of Financial Services, Subcommittee on Oversight and Investigations, Statement by Juan C. Zarate, "Patriot Act oversight: Investigating Patters of Terrorist Financing," 12 February 2002, 6-7, Available from <http://financial.services.house.gov/media/pdf/107-53.pdf>; Internet; Accessed on 27 February 2007.

Despite these differences, however, 9/11 demonstrated that the ability to disrupt terrorist financing is inextricably linked with the global effort to combat money laundering.<sup>79</sup> Therefore, it is important: (1) to understand and focus resources on the commonalities of these financial transactions; (2) to take into consideration the circumstances surrounding the transaction; and (3) for bankers to focus their information gathering efforts on the intent of the transaction. By investigating and allocating resources against the commonalities of money laundering and terrorist financing, the U.S. and its partners can better integrate, facilitate, and coordinate their efforts to close the seams and gaps that are currently being exploited by terrorist organizations.<sup>80</sup>

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<sup>79</sup>World Bank, 11.

<sup>80</sup>Louis J. Freeh, Senate Committee on Appropriations, Subcommittee for the Departments of Commerce, Justice, and State, the Judiciary, and Related Agencies (Feb. 4, 1999), 3.



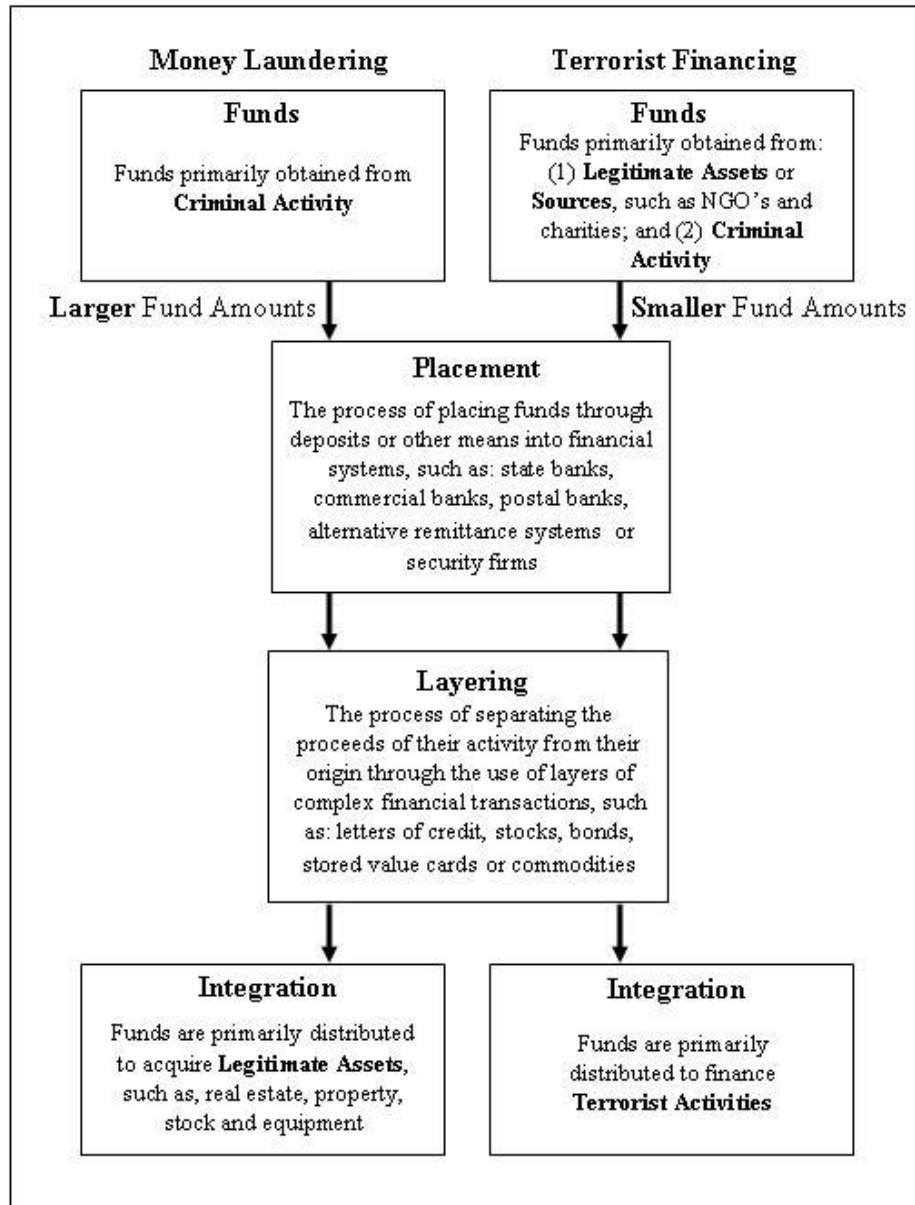


Figure 3. Money Laundering and the Financing of Terrorism

Source: This figure was adapted by the author from World Bank. *Money Laundering and the Financing of Terrorism*, 2004, 11. Available from [http://www.cgap.org/docs/FocusNote\\_29.html](http://www.cgap.org/docs/FocusNote_29.html). Internet. Accessed on 18 September 2006.

## CHAPTER FOUR

# ORGANIZATIONS WITH MANDATES TO DISRUPT TERRORIST FINANCING

Purpose: This chapter communicates two ideas: (1) showing the major U.S. and international organizations that have mandates to disrupt terrorist financing; and (2) identifying some of the current weaknesses within the U.S. and international framework. Chapter Four consists of three topic areas: (1) U.S. organizations with mandates to disrupt terrorist financing; (2) international organizations with mandates to disrupt terrorist financing; and (3) weaknesses within the U.S. and international framework with respect to disrupting terrorist financing.

## United States Organizations

The *National Security Strategy of the United States of America*, 2002 calls upon several different departments and agencies within the USG to disrupt terrorist financing by identifying and blocking the sources of their funding and denying them access to the international financial system.<sup>81</sup> To that end there are numerous organizations within the USG which are interconnected by a complex web of formal and informal relationships that have a lead, coordinating, or supporting role in the effort to disrupt terrorist financing.<sup>82</sup> Due to the limited scope of this monograph, however, this section will only focus on the major councils, departments, and agencies within the USG.<sup>83</sup>

National Security Council (NSC): The NSC is responsible for the overall coordination of the IA framework for combating terrorism, to include disrupting terrorist

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<sup>81</sup>The White House, *National Security Strategy of the United States of America* (Washington, DC: Government Printing Office, 2006), 9-45.

<sup>82</sup>Raphael Perl, *Terrorism and National Security: Issues and Trends* (Washington, DC: Congressional Research Service, The Library of Congress, 2004), 14-15. Available from <http://www.fas.org/irp/crs/IB10119.pdf>; Internet; Accessed on 27 February 2007.

<sup>83</sup>See Appendix A for a more in-depth description of the various organizations mentioned in this section.

financing.<sup>84</sup> Under the NSC, there are a series of committees and working groups which develop policy, share information and coordinate the response to terrorist threats against U.S. interests.<sup>85</sup> Within the NSC, Sub-Counterterrorism Security Group (CSG) on Terrorist Finance has the primary responsibility to ensure the proper coordination of counterterrorism financing activities and information sharing among the IA, intelligence organizations, and law enforcement communities.<sup>86</sup> In addition, the NSC has several other Sub-Groups and offices that manage various programs and activities to combat terrorist financing abroad.<sup>87</sup>

The Treasury Department: Since June of 1995, the Secretary of the Treasury has been responsible for identifying and blocking terrorist funds within the U.S. and its jurisdiction.<sup>88</sup> In addition, a number of offices inside the Treasury Department work in conjunction with other federal agencies to: (1) implement key statutory provisions of the Currency and Foreign Transactions Reporting Act, commonly referred to as the Bank Secrecy Act (BSA) of 1970, and the USA Patriot Act; and (2) enhance information sharing among intelligence, law enforcement, and financial institutions.<sup>89</sup> The primary office within the Treasury Department that is involved in the effort to disrupt terrorist financing is the Office of Terrorism and Financial Intelligence (TFI). The TFI is comprised of the: (1) Office of Terrorist Financing; (2) Office of Intelligence and Analysis (OIA); (3) Office of Foreign Asset Control (OFAC); (4) Financial Crimes Enforcement Network (FinCEN); and (5) Treasury Executive Office for Asset Forfeiture (TEOAF) and

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<sup>84</sup>General Accounting Office, GAO-06-19, 2-6.

<sup>85</sup>See Appendix A for further information and discussion.

<sup>86</sup>Perl, 14-15. Authors note: It is important to understand that the NSC does not control the law enforcement community or its actions, it merely maintains coordination authority.

<sup>87</sup>See Appendix A.

<sup>88</sup>PDD 39, June 1995, 1.

<sup>89</sup>General Accounting Office, GAO-03-165, *Combating Terrorism: Interagency Framework and Agency Programs to Address the Overseas Threat* (Washington, DC: Government Printing Office, 2003), 147.

Treasury Forfeiture Fund.<sup>90</sup> In addition, the Treasury Department has several other offices that manage various programs and activities to combat terrorist financing abroad.<sup>91</sup>

TFI: Office of TFI was created to increase policy, intelligence, and enforcement coordination efforts within the Treasury Department in order to safeguard the U.S. financial system against illicit use by criminals and to help disrupt rogue nations, terrorist facilitators, money launderers, and other threats to national security.<sup>92</sup>

Office of Terrorist Financing: The Office of Terrorist Financing: (1) develops, organizes, and implements USG strategies, policies, and programs in support of the BSA and the USA Patriot Act to combat terrorist financing and financial crime; (2) serves as the policy and liaison apparatus to the private sector and other stakeholders on the issues of terrorist financing, money laundering, financial crime, and sanctions, both domestically and abroad; (3) represents the U.S. at international bodies dedicated to fighting terrorist financing and financial crime, such as the FATF; and (4) increases multilateral and bilateral efforts at the tactical and operational level.<sup>93</sup>

OIA: OIA ensures that the Treasury Department properly analyzes relevant information to generate actionable financial intelligence that can be used effectively by IAs to disrupt the funds of various organizations that pose a threat to national security. OIA priorities include: (1) identifying and attacking the financial infrastructure of terrorist groups; (2) assisting in efforts to identify and address vulnerabilities that may be exploited by terrorists and criminals

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<sup>90</sup>See Appendix A for more detailed information, composition and discussion on the TFI.

<sup>91</sup>See Appendix A for a more detailed list of Treasury offices, services, task forces and networks.

<sup>92</sup>Department of the Treasury, *TFI Mission Statement*, Available from <http://www.treas.gov/offices/enforcement>; Internet; Accessed on 27 February 2007.

<sup>93</sup>U.S. Senate, Committee on Banking, Housing and Urban Affairs, Testimony of Samuel W. Bodman, Deputy Secretary U.S. Department of Treasury, "Money Laundering and Terrorism Financing," 29 April 2004, 2-3, Available from <http://www.ustreas.gov/press/releases/js1501.htm>; Internet; Accessed on 18 September 2006.

in domestic and international financial systems; and (3) promoting stronger relationships within the USG and private industry domestically and between U.S. allies and partner nations abroad.<sup>94</sup>

OFAC: OFAC is the lead U.S. agency for administering economic sanctions, to include blocking the funds of: (1) targeted foreign countries; (2) SDGTs; (3) FTOs; and (4) terrorists designated by UN Security Council Resolution (UNSCR). OFAC's mandate requires all U.S. persons, including financial institutions, to block targeted assets located in the U.S. or under the control of a U.S. person. In addition, OFAC: (1) imposes controls on transactions; and (2) assists allies and partner nations to implement economic sanctions similar to those of the U.S.<sup>95</sup>

FinCEN: FinCEN is the lead U.S. agency for ensuring BSA compliance across the U.S. banking system. FinCEN's mandate is to safeguard the U.S. financial system from the abuses of financial crime, including: (1) terrorist financing; (2) money laundering; and (3) other illicit activities. Since its creation in 1990, FinCEN has worked to maximize information sharing among law enforcement agencies and other partners in the regulatory and financial communities.<sup>96</sup> In addition, FinCEN is designated as the U.S. Financial Intelligence Unit representative to the Egmont Group of Financial Intelligence Units (Egmont Group).<sup>97</sup>

The Department of State (DOS): DOS serves as the USG's lead agency in its efforts to combat terrorism overseas. To safeguard the international financial system against terrorist financing and money laundering, the DOS focuses on three areas: (1) designation, by blocking assets and cutting off worldwide channels of terrorist financing; (2) standard setting, by establishing internationally accepted standards; and (3) capacity and coalition building, by building the technical capacity and political will to ensure global compliance with international

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<sup>94</sup>Ibid., 3.

<sup>95</sup>Department of the Treasury, *Terrorist Assets Report 2005*, 5-9.

<sup>96</sup>Department of the Treasury, *FinCEN Overview*, Available from [http://www.fincen.gov/af\\_overview.html](http://www.fincen.gov/af_overview.html); Internet; Accessed on 27 February 2007.

<sup>97</sup>Government Accounting Office, GAO-03-165, 152.

standards.<sup>98</sup> Within the DOS, the Office of the Coordinator for Counterterrorism (S/CT), and the Bureau of International Narcotics and Law Enforcement Affairs (INL) have the primary responsibility of coordinating capacity building abroad to disrupt terrorist financing, while the Bureau of Economic, Energy, and Business Affairs (EEB) has primary responsibility for international coalition building.<sup>99</sup> In addition, DOS has several other bureaus and offices that manage various programs and activities that help combat terrorist financing.<sup>100</sup>

EEB: EEB maintains the leadership role in the IA effort to combat terrorist financing; and formulates and carries out U.S. foreign economic policy, integrating U.S. economic interests with foreign policy goals so that U.S. firms and investors can compete on an equal basis with their counterparts overseas. In addition EEB: (1) coordinates terrorist financing policy, and coalition building on terrorist financing, including on UN sanctions under Resolution 1267; and (2) chairs the Coalition Building meetings, which supports USG efforts to develop strategies and activities to obtain international cooperation.<sup>101</sup>

S/CT: S/CT coordinates the USG's diplomatic and international capacity building activities in an effort to defeat international terrorism. To accomplish this mandate, S/CT provides foreign policy oversight and guidance for the USG's international CT activities in order to facilitate all instruments of statecraft, including: (1) diplomatic; (2) economic; (3) intelligence; (4) law enforcement; and (5) military power.<sup>102</sup> With regard to terrorist financing, S/CT's goal is to disrupt and deny the flow of funds going to terrorist organizations, and strengthen the financial

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<sup>98</sup>U.S. Senate, Committee on Banking, Housing, and Urban Affairs, Testimony of Anthony E. Wayne, Assistant Secretary for Economic and Business Affairs, "The State Department Role in Combating the Financing of Terrorism," 4 April 2006, 3, Available from <http://www.state.gov/e/eeb/rls/rm/2006/64109.htm>; Internet; Accessed on 18 September 2006.

<sup>99</sup>General Accounting Office, GAO-03-165, 150.

<sup>100</sup>See Appendix A for a more detailed list of DOS agencies, bureaus, councils, and offices.

<sup>101</sup>John M. Underriner, Deputy Director, Office of Terrorism Finance and Economic Sanctions Policy, Department of State, Personal interview by author on 6 February 2007, Washington, DC.

<sup>102</sup>Department of State, Office of the Coordinator for Counterterrorism, *Mission Statement*, Available from <http://www.state.gov/s/ct/about/c16570.htm>; Internet; Accessed on 27 February 2007.

and regulatory sectors of vulnerable allies and partner nations against manipulation and penetration by terrorist organizations through the coordination of diplomatic and international training initiatives. S/CT accomplishes this goal primarily through the efforts of the Counterterrorism Finance Unit.<sup>103</sup>

INL: In conjunction with S/CT, INL has the lead in coordinating capacity building efforts to combat terrorist financing in other countries.<sup>104</sup> To accomplish this mandate, INL provides funding for programs conducted by the Departments of Justice, Treasury, Homeland Security and the FBI to assist in the training and assistance of foreign governments to strengthen their financial and regulatory infrastructure. Specifically, these programs are aimed at providing countries with technical assistance in drafting anti-terrorism financing legislation and training bank regulators, investigators, and prosecutors to identify and combat financial crime.<sup>105</sup>

The Department of Justice (DOJ): The DOJ has the lead responsibility for investigating and prosecuting terrorist acts, including all forms of material support to terrorist organizations.<sup>106</sup> Within the DOJ, the FBI has the lead role for law enforcement and criminal matters related to terrorism.<sup>107</sup> The two major organizations within the DOJ that are involved in

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<sup>103</sup>U.S. Senate, Foreign Relations Committee, Testimony by Ambassador Cofer Black, "Diplomacy and the War Against Terrorism," 18 March 2003, 4, Available from <http://www.senate.gov/foreign/testimony/2003/BlackTestimony030318.pdf>; Internet; Accessed on 18 September 2006.

<sup>104</sup>Department of State, *Bureau of International Narcotics and Law Enforcement Affairs*, Available from <http://www.state.gov/p/inl/>; Internet; Accessed on 27 February 2007.

<sup>105</sup>U.S. Senate, Committee on the Judiciary, Subcommittee on Technology, Terrorism and Government Information on Narco-Terror, Testimony by Rand Beers and Francis X. Taylor, "Narco-Terror: The Worldwide Connection between Drugs and Terror," 13 March 2002, Available from [http://www.au.af.mil/au/awc/awcgate/congress/narco\\_terror\\_13mar\\_02.pdf](http://www.au.af.mil/au/awc/awcgate/congress/narco_terror_13mar_02.pdf); Internet; Accessed on 18 September 2006.

<sup>106</sup>Barry Sabin, Acting Deputy Assistant Attorney General, and Department of Justice, "Counter-Terrorism Financing," FDCH Congressional Testimony, 2006, 1-.2

<sup>107</sup>Government Accounting Office, GAO-03-165, 149.

disrupting terrorist financing are the Terrorist Financing Unit (TFU), and the Terrorist Financing Operations Section (TFOS), which falls under the FBI.<sup>108</sup>

TFU: TFU's purpose is to coordinate terrorist financing enforcement efforts within the DOJ Criminal Division.<sup>109</sup> TFU works with prosecutors around the country as well as with: (1) the Foreign Terrorist Tracking Task Force, FBI; (2) the Terrorist Financing Operation Section, FBI; and (3) the Terrorism Financial Review Group (TFRG) to disrupt groups and individuals representing terrorist threats.<sup>110</sup>

TFOS: TFOS works jointly with the law enforcement and intelligence communities to identify, target, investigate, disrupt, dismantle, and prosecute, as appropriate, terrorist-related financial activities.<sup>111</sup> To accomplish this mission, TFOS seeks to: (1) identify potential data sources; (2) create pathways and protocols to legally acquire and analyze data; and (3) provide both reactive and proactive operational, predictive and educational support to investigators and prosecutors within the law enforcement community.<sup>112</sup>

Department of Homeland Security (DHS): DHS has a supporting role in tracking terrorist financing and conducting related investigations within the U.S. and select overseas

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<sup>108</sup>See Appendix A for a more detailed list of DOJ bureaus, administrations, sections, branches, task forces, and offices.

<sup>109</sup>House of Representatives, Committee on Government Reform, Subcommittee on Criminal Justice, Drug Policy and Human Resources, Statement by Michael Morehart, Section Chief, Terrorist Financing Operations Section, FBI, Department of Justice, "Terrorist Financing and Money Laundering Investigations: Who Investigates and How Effective are They," 11 May 2004, 2, Available from <http://a257.g.akamaitech.net/7/257/2422/27jan20051230/www.access.gpo.gov/congress/house/pdf/108hrg/97396.pdf>; Internet; Accessed on 18 September 2006.

<sup>110</sup>Department of Justice, *Strategic Goal One: Protect America Against the Threat of Terrorism*, Available from <http://www.usdoj.gov/ag/annualreports/ar2003/p2sg1.htm>; Internet; Accessed on 18 September 2006.

<sup>111</sup>Government Accounting Office, GAO-03-165, 149.

<sup>112</sup>U.S. Senate, Committee on Banking, Housing and Urban Affairs, Testimony of John S. Pistole, Assistant Director, Counterterrorism Division, FBI, "Identifying, Tracking and Dismantling the Financial Structure of Terrorist Organizations," 25 September 2003, 4. Available from <http://www.fbi.gov/congress/congress03/pistole092503.htm>. Internet. Accessed on 11 March 2007.



activities.<sup>113</sup> The major organization within the DHS that is involved in disrupting terrorist financing is the Bureau of Immigration and Customs Enforcement (ICE).<sup>114</sup> ICE's mission is to protect the American people by combating terrorists and other criminals who seek to cross the U.S. border and threaten U.S. citizens.<sup>115</sup> ICE investigations identify: (1) cash flow routes; (2) assets and holdings; and (3) the means by which terrorist organizations seek to move the proceeds of their criminal activity. In addition, ICE focuses on alternative financing mechanisms that terrorist and other criminal organizations use to earn, move, and store funds.<sup>116</sup> Within ICE, the Trade Transparency Unit (TTU) and the Financial Operations Unit play a major role in disrupting terrorist finances.

The Department of Defense: The DoD has a supporting role within the USG in the fight against terrorist financing. Accordingly, the DoD has broadened its non-kinetic efforts to include the disruption of threat financing. While terrorist financing concentrates on organizations, networks, cells, and individuals directly linked to terrorism and is the primary focus of this monograph it is only one of the five areas within threat finance. Threat financing is a broader-based concept that includes: (1) Weapons of Mass Destruction/Effects (WMD/E) funding; (2) terrorist financing; (3) narcotics trafficking; (4) organized crime; and (5) human trafficking.<sup>117</sup> Within the DoD, U.S. Special Operations Command (USSOCOM) has been designated the Executive Agent for synchronizing the GWOT, which includes disrupting and defeating threat

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<sup>113</sup>Government Accounting Office, GAO-03-165, 149.

<sup>114</sup>See Appendix A for a more detailed list of DHS units and bureaus.

<sup>115</sup>Bureau of Immigration and Customs Enforcement, *Mission Statement*, Available from <http://www.ice.gov/about/index.htm>; Internet; Accessed on 27 February 2007.

<sup>116</sup>U.S. Senate, Committee on Banking, Housing and Urban Affairs, Statement of Kevin Delli-Colli, Deputy Assistant Director, Financial and Trade Investigations Division, Office of Investigation, U.S. Immigration and Customs Enforcement, Department of Homeland, 4 April 2006, 1-3, Available from [http://banking.senate.gov/\\_files/dellicolli.pdf](http://banking.senate.gov/_files/dellicolli.pdf); Internet; Accessed on 18 September 2006.

<sup>117</sup>House Armed Services Committee, Subcommittee on Terrorism, Unconventional Threats, and Capabilities and House Financial Services, Subcommittee on Oversight and Investigations, Statement of James Q. Roberts, "Terrorist and Insurgent Financing," 28 July 2005, 2, Available from <http://www.dod.mil/dodgc/olc/docs/Test05-07-28Roberts.doc>; Internet; Accessed on 18 September 2006.

finances.<sup>118</sup> The other two major organizations within the DoD that facilitate the disruption of terrorist finances are the Geographic Combatant Commands (GCCs), through Threat Finance Exploitation Units (TFEUs), and various Combat Support Agencies, such as the Defense Intelligence Agency (DIA), through the Joint Intelligence Task Force-Combating Terrorism (JITF-CT).

USSOCOM: As the supported combatant command for the GWOT, USSOCOM synchronizes the counterterrorism plans of the five GCCs.<sup>119</sup> USSOCOM also plans and executes combat missions against terrorist organizations as the supported Command, while maintaining the role of force provider to the other GCCs.<sup>120</sup> With regard to terrorist financing; USSOCOM's Threat Finance Exploitation Branch has the lead for synchronizing efforts against threat finances.

GCCs: The geographic commands are currently assessing the ability of terrorists and insurgents to finance operations and the effectiveness of the U.S. military efforts to deny resources to terrorist organizations. Initial data from these assessments indicate that the DoD, while enjoying some successes in analyzing and disrupting the funds of terrorists and insurgents, is progressing slowly in combating terrorist financing on a global scale.<sup>121</sup> Currently, U.S. Central Command (USCENTCOM), U.S. European Command (USEUCOM), U.S. Northern Command (USNORTHCOM), U.S. Pacific Command (USPACOM), and U.S. Southern Command (USSOUTHCOM) are the operating TFEUs which work with DoD and non-DoD intelligence, law enforcement, and regulatory agencies to: (1) detect financial support networks; (2) collect,

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<sup>118</sup>CW3 Thomas Newell, *"The Use of Special Operations Forces in Combating Terrorist Finances,"* Naval Post Graduate School, Monterey California, 2006, i.

<sup>119</sup>House Armed Services Committee, Subcommittee on Terrorism, Unconventional Threats and Capabilities, Statement by Marshall Billingslea, "Special Operations Forces Acquisition," 1 April 2003, Available from [http://www.globalsecurity.org/military/library/congress/2003\\_hr/03-04-01billingslea.htm](http://www.globalsecurity.org/military/library/congress/2003_hr/03-04-01billingslea.htm); Internet; Accessed on 18 September 2006.

<sup>120</sup>Thomas O'Connell, *"Update On Special Operations Forces,"* 2004, Testimony before The Senate Committee On Armed Services, United States Senate, 6-7.

<sup>121</sup>House Armed Services Committee, "Terrorist and Insurgent Financing," 3-4.

process and analyze information; and (3) target, disrupt or destroy financial systems and networks, which support activities that threaten U.S. interests.<sup>122</sup>

Not all the GCCs call their TF Exploitation entity a TFEU. For instance USSOCOM calls its entity a TF Exploitation Branch, but each GCC has an entity that analyzes and exploits financial intelligence. Each of the TF Exploitation entities has a somewhat different focus that is based on their region. For example, USSOUTHCOM is more focused on the narcotics trafficking portion of TF, whereas USCENTCOM is focused more on the terrorists and insurgents. Each of the TF Exploitation entities are resourced, manned, and utilized to varying degrees based on the emphasis that is placed on their importance by the GCC, and not all TF Exploitation entities operate at the same level of proficiency.

### Interagency Center and Coordination Groups:

National Counterterrorism Center (NCTC): NCTC serves as the primary organization for analyzing and integrating all intelligence possessed or acquired by the USG pertaining to terrorism and counterterrorism.<sup>123</sup> The NCTC: (1) conducts strategic operational planning for counterterrorism activities, integrating all instruments of national power; (2) assigns operational responsibilities to lead agencies for counterterrorism activities; (3) ensures that agencies have access to and receive intelligence needed to accomplish their assigned activities; (4) serves as the central and shared knowledge bank on known and suspected terrorists and international terror groups, as well as their goals, strategies, capabilities, and networks of contacts and support; and

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<sup>122</sup>Thomas W. O'Connell, *Defense Perspectives: The War on Terrorism*, 2006, 16-17, Available from <http://www.dtic.mil/ndia/2006solic/oconnell.pdf>; Internet; Accessed on 18 September 2006.

<sup>123</sup>The White House, *Executive Order National Counterterrorism Center*, 2004, Available from <http://www.whitehouse.gov/news/releases/2004/08/20040827-5.html>; Internet; Accessed on 18 September 2006.

(5) ensures that agencies, as appropriate, have access to and receive the intelligence support needed to execute their counterterrorism plans or perform independent, alternative analysis.<sup>124</sup>

Terrorist Financing Working Group (TFWG): TFWG is chaired by the DOS and is made up of various agencies throughout the USG with a mandate to develop and provide counterterrorism finance training to countries deemed most vulnerable to terrorist financial operations.<sup>125</sup> TFWG meets on a bi-weekly basis to: (1) receive intelligence briefings; (2) schedule assessment trips; (3) review assessment reports; and (4) discuss the development and implementation of technical assistance and training programs.<sup>126</sup>

TFRG: TFRG is led by the Treasury Department and combines the databases and expertise of several federal agencies.<sup>127</sup> The TFRG was formed with a twofold mission to conduct a comprehensive financial analysis of the 9/11 hijackers with the goal of linking and identifying their financial support structure within the U.S. and to function as a template for preventive and predictive terrorist financial investigations.<sup>128</sup>

Classified Organizations: In addition to the organizations listed above and in Appendix A, there are several classified organizations with mandates against terrorist financing within the NSC, CIA, DOJ, and the National Security Agency/Central Security Service (NSA/CSS). The IA process includes consultation and coordination with various Intelligence Community (IC) members.

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<sup>124</sup>Todd M. Masse, *The National Counterterrorism Center: Implementation Challenges and Issues for Congress* (Washington, DC: Congressional Research Service, 2005), 1.

<sup>125</sup>See Appendix A for a detailed listing of agencies.

<sup>126</sup>General Accounting Office, GAO-06-19, 44-46.

<sup>127</sup>See Appendix A for a detailed listing of agencies.

<sup>128</sup>Robert S. Mueller III, Director, and Federal Bureau of Investigation, “*Terrorist Financing and The Patriot Act*,” 2002, FDCH Congressional Testimony, 1.

## International Organizations

Terrorist financing networks are global, so efforts to identify and disrupt terrorist access to funds must also be global.<sup>129</sup> Moreover, because the overwhelming majority of terrorist funds are outside U.S. jurisdiction, the U.S. has entered into several agreements to improve and facilitate international organizations' counterterrorism efforts.<sup>130</sup> International organizations can be grouped into four main categories: (1) international standard-setters; (2) international capacity-builders; (3) regional entities; and (4) industry sector standard-setters.<sup>131</sup>

### International Standard-Setters:

UN: The UN is one of the key international entities in the fight against terrorist organizations and networks. The single biggest role conducted by the UN with regard to terrorist financing is the imposition and enforcement of international financial sanctions through the designation lists maintained under UNSCR 1267 and 1617.<sup>132</sup> In addition, the UN provides member States with numerous forms of assistance for their counterterrorism efforts through the contributions of various departments, programs, and specialized agencies.<sup>133</sup> On 8 September, 2006, the UN began a new phase in their counterterrorism efforts by adopting the Global Counter-Terrorism Strategy, which serves as a common platform to bring together the counterterrorism efforts of the various UN departments, programs, and specialized agencies into a

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<sup>129</sup>Jimmy Gurule, "The Global Effort to Stop Terrorist Financing," *Hampton Roads International Security Quarterly* (January 2004): 2.

<sup>130</sup>Department of the Treasury, Fact sheet, *Contributions by the Department of Treasury to the Financial War on Terror*, September 2002, 5, Available from <http://www.ustreas.gov/press/releases/reports/2002910184556291211.pdf>; Internet; Accessed on 18 September 2006.

<sup>131</sup>See Appendix F: International Organizations and Efforts to Disrupt Terrorist Financing for a more comprehensive list of these organizations and efforts.

<sup>132</sup>Todd M. Hinnen, Chief Counsel of the Senate Judiciary Committee, Annotated comment on draft version 1.1 of this monograph, 03 March 2007.

<sup>133</sup>United Nations, *Coordinating Counter-Terrorism Actions Within and Beyond the UN system*, Available from <http://www.un.org/terrorism/cttaskforce.html>; Internet; Accessed on 27 February 2007.

common, coherent, and more focused framework.<sup>134</sup> Although the UN consists of numerous departments and specialized agencies, the Counter-Terrorism Implementation Task Force (CTITF) and the Counter-Terrorism Committee (CTC) have the largest roles in disrupting terrorist finances.<sup>135</sup>

CTITF: The Secretary-General established the CTITF in July 2005, to enhance the coordination of counterterrorism efforts across the UN system and to ensure stronger cooperation and efficiency in implementing counterterrorism related mandates, to include terrorist finances.<sup>136</sup>

CTC: CTC has two main purposes: (1) serves as the lead agency which monitors the performance and ability of the Member States to implement Security Council Resolution 1373; and (2) attempts to improve Member State capacity to prevent terrorism and terrorist financing.<sup>137</sup>

FATF: FATF is comprised of thirty-three member countries and two regional organizations and is one of the preeminent international bodies dedicated to developing, promoting, and assessing legal and regulatory standards and policies to combat money laundering and terrorist financing.<sup>138</sup> FATF's most notable contributions against terrorism include two fundamental documents: (1) the FATF 40 Recommendations on Money Laundering, a set of international standards for countries to establish an effective anti-money laundering regime; and (2) Nine Special Recommendations on Terrorist Financing, which have become the international standard for evaluating a State's anti-terrorist financing laws.<sup>139</sup> In addition, FATF: (1) established

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<sup>134</sup>United Nations, *UN Action to Counter-Terrorism*, Available from <http://www.un.org/terrorism/>; Internet; Accessed on 27 February 2007.

<sup>135</sup>See Appendix F: International Organizations and Efforts to Disrupt Terrorist Financing for a more complete description of UN efforts.

<sup>136</sup>Ibrahim Gambari, "Multilateral Response to Terrorism," *Commonwealth Ministers Reference Book 2006*, Henley Media Group, 2006, 2.

<sup>137</sup>Alyssa Phillips, "Terrorist Financing Laws Won't Wash: It Ain't Money Laundering," *University of Queensland Law Journal* 23, no. 1 (2004): 8.

<sup>138</sup>Gurulé, 3-4.

<sup>139</sup>See Appendix F: International Organizations and Efforts to Disrupt Terrorist Financing for a description of FATF 40 Recommendations on Money Laundering and Nine Special Recommendations on Terrorist Financing.

a Non-Cooperative Countries and Territories (NCCT) list of those countries that fail to meet internationally recognized standards and serve as terrorist money laundering havens; (2) monitors member progress in implementing anti-money laundering measures; (3) conducts mutual evaluations of its member countries and jurisdictions; and (4) reports on money laundering trends and techniques.<sup>140</sup>

### International Capacity-Builders:

Egmont Group: The Egmont Group is an international body comprised of 101 financial intelligence units (FIUs) which foster improved communications, information sharing, and training coordination worldwide in the fight against money laundering and terrorist financing.<sup>141</sup> The FIUs work collectively to eliminate impediments to information sharing, promote the reporting of terrorist financing as a suspicious activity to FIUs, and undertake joint studies on money laundering and terrorist financing vulnerabilities. They also improve expertise and capabilities of law enforcement personnel and agencies and expand and create a systematic exchange of financial intelligence information.<sup>142</sup>

The International Criminal Police Organization (Interpol): Interpol is the world's largest international police organization, with 186 member countries that facilitate cross border police cooperation. Interpol also supports and assists all organizations, authorities, and services whose mission is to prevent or combat international crime.<sup>143</sup> With regard to combating financial

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<sup>140</sup>Financial Action Task Force, *Report on Money Laundering and Typologies 2002-2003*. 14 February 2003, 1, Available from [http://www.psazf.hu/resource.aspx?ResourceID= penzmos\\_fatf\\_ty2003](http://www.psazf.hu/resource.aspx?ResourceID=penzmos_fatf_ty2003); Internet; Accessed on 18 September 2006.

<sup>141</sup>House of Representatives, Financial Services, Subcommittee on Oversight and Investigations and the House of Representatives, International Relations, Subcommittee on International Terrorism and Nonproliferation; Testimony of Stuart Levey, Under Secretary, and Department of the Treasury, "Terror Financing in the Middle East; Terror Financing in the Middle East," 4 May 2005, 3, Available from <http://www.treas.gov/press/releases/js2427.htm>; Internet; Accessed on 18 September 2006.

<sup>142</sup>Government Accounting Office, GAO-03-165, 152.

<sup>143</sup>*Ibid.*, 141-142.

crimes, Interpol's primary focus is on: (1) payment cards; (2) money laundering; (3) intellectual property crime; (4) currency counterfeiting; and (5) new technologies, all of which can be used by terrorist organizations to fund their operations as discussed in Chapter Three.<sup>144</sup> Within Interpol, the Fusion Task Force (FTF) has the lead for conducting anti-terrorism efforts. FTF's primary objectives include: (1) identifying active terrorist groups and their members; (2) soliciting, collecting, and sharing information and intelligence; (3) providing analytical support; and (4) enhancing the capacity of member countries to address the threats of terrorism and organized crime.<sup>145</sup>

### Regional Entities:

FATF-Style Regional Bodies (FSRBs): FSRBs are voluntary and cooperative organizations modeled after the FATF and serve an important role in the promotion and implementation of standards within their respective regions regarding anti-money laundering and combating terrorist financing.<sup>146</sup> The FSRBs primary goal is to encourage implementation and enforcement of FATF's Forty Recommendations on Money Laundering and Nine Special Recommendations on Terrorist Financing.<sup>147</sup>

Organization of American States (OAS): The OAS is a regional body for security and diplomacy in the Western Hemisphere. Within the OAS, the Inter-American Committee against Terrorism (CICTE) has the lead for coordinating steps to prevent and combat terrorism in the

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<sup>144</sup>The International Criminal Police Organization, *Financial and High-Tech Crimes*, Available from <http://www.interpol.int/Public/FinancialCrime/Default.asp>; Internet; Accessed on 27 February 2007.

<sup>145</sup>The International Criminal Police Organization, *Fusion Task Force*, Available from <http://www.interpol.int/Public/FusionTaskForce/default.asp>; Internet; Accessed on 27 February 2007.

<sup>146</sup>House of Representatives, Financial Services, Subcommittees on Domestic and International Monetary Policy, Trade and Technology and Oversight and Investigations, Testimony of Juan C. Zarate, "International Efforts to Combat Terrorist Financing," 30 September 2004, 8, Available from <http://www.treas.gov/press/release/jsl1971.htm>; Internet; Accessed on 18 September 2006.

<sup>147</sup>House of Representatives, Financial Services Subcommittee on Oversight and Investigations and the House International Relations, Subcommittee on International Terrorism and Nonproliferation. "Terror Financing in the Middle East; Terror Financing in the Middle East." 3.



hemisphere and developing plans to address border controls and criminal financing.<sup>148</sup> CICTE helps OAS strengthen regional peace and security by: (1) denying safe haven to terrorists; and (2) facilitating the exchange of information, technical assistance, and training in a wide number of areas, including: (a) prevention and eradication of terrorist financing; (b) improvement of border and customs controls; and (c) the prevention, investigation, and prosecution of terrorist acts.<sup>149</sup>

### Industry Sector Standard-Setters:

Wolfsberg Group of Banks (Wolfsberg Group): The Wolfsberg Group is a private sector bank association that includes twelve of the largest international banks that have taken the lead in developing financial services industry standards and related products, with an emphasis on: (1) knowing your customer; (2) anti-money laundering; and (3) counter-terrorist financing policies.<sup>150</sup> Most recently, the Wolfsberg Group issued four guidance papers on anti-money laundering in the hopes that they will guide international discussions and provide general assistance to industry participants and regulatory bodies while shaping their own policies and guidance.<sup>151</sup>

International Association of Insurance Supervisors (IAIS): The IAIS represents insurance regulators and supervisors of 180 jurisdictions worldwide. The IAIS: (1) issues global insurance principles, standards, and guidance papers; (2) provides training and support on issues related to insurance supervision; (3) organizes meetings and seminars for insurance supervisors;

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<sup>148</sup>Department of State, Fact Sheet, *US Mission to the Organization of American States* (Washington, DC: Government Printing Office, 3 June 2005), 1, Available from <http://www.state.gov/p/wha/rls/fs/2005/47198.htm>; Internet; Accessed on 18 September 2006.

<sup>149</sup>*Ibid.*, 1.

<sup>150</sup>Wolfsberg Group, *Global Banks, Global Standards*, Available from <http://www.wolfsberg-principles.com/>; Internet; Accessed on 27 February 2007.

<sup>151</sup>The Basel Institute on Governance, *Corporate Governance*, Available from <http://www.basel-governance.org/past-projects/corporate-governance-projects/>; Internet; Accessed on 27 February 2007.

and (4) issues guidance and standards on combating the financing of terrorism.<sup>152</sup> Within the IAIS, the Insurance Fraud Subcommittee has the lead on anti-money laundering and terrorist financing efforts.<sup>153</sup>

### **Weaknesses within the U.S. and International Organizational Framework**

There are four major weaknesses within the U.S. and international organizational framework: (1) no organization has both the mandate and funding authority to coordinate and direct the actions of all USG agencies against terrorist organizations; (2) information sharing is predicated on a “need to know” versus a “need to share” basis within the U.S. and international community; (3) no integrated and collaborative communications network exists within the U.S. or between its allies and partner nations; and (4) an insufficient effort made to maximize information between the collector, analyst, and end user and the inability to utilize a commonly understood language.

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<sup>152</sup>International Association of Insurance Supervisors, *About IAIS*, Available from [http://www.iaisweb.org/132\\_ENU\\_HTML.asp](http://www.iaisweb.org/132_ENU_HTML.asp); Internet; Accessed on 27 February 2007.

<sup>153</sup>International Association of Insurance Supervisors, *Organizations*, Available from [http://www.iaisweb.org/132\\_173\\_ENU\\_HTML.asp](http://www.iaisweb.org/132_173_ENU_HTML.asp); Internet; Accessed on 27 February 2007.

## LEGAL CONSIDERATIONS

Purpose: This chapter: (1) gives the reader a basic understanding of the authorities that international and U.S. organizations have to facilitate the disruption of terrorist financing; and (2) identifies key seams and gaps within U.S. laws and International conventions that are vulnerable to exploitation by terrorist organizations. Chapter Five consist of three main topic areas: (1) international conventions and resolutions; (2) U.S. laws and federal regulations; and (3) seams and gaps within U.S. laws and International conventions.

### International Conventions and Resolutions

This section of the monograph will focus on international conventions and resolutions designed to disrupt the flow of terrorist financing and will be broken down into two parts: (1) international conventions; and (2) UN Security Council Resolutions. In the fight against terrorist financing, it is critical to address the authority of international organizations for several reasons. First, most of the funds supporting terrorist organizations are not under the control or jurisdiction of the U.S. Therefore, the U.S. must internationalize its initiatives.<sup>154</sup> Second, international organizations have a tremendous sphere of influence, so by influencing and supporting various international conventions and resolutions the U.S. can protect its own interests through the efforts of various other countries around the world.<sup>155</sup> Finally, the U.S. has ratified all thirteen international conventions relating to terrorism, which means U.S. domestic laws must be in compliance with and support these international conventions.<sup>156</sup>

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<sup>154</sup>Department of State, *U.S. Interagency Efforts to Combat Terrorist Financing*, Available from <http://www.state.gov/e/eb/rls/rm/2003/29144.htm>; Internet; Accessed on 18 September 2006.

<sup>155</sup>United Nations, *UN Action to Counter Terrorism*, 1.

<sup>156</sup>Summary of all 13 conventions available from <http://untreaty.un.org/English/Terrorism.asp>.

International Conventions: International Conventions serve an important role in coordinating the counterterrorism efforts and establishing legal norms within the various ratifying States around the world. Two international conventions that are important in facilitating the disruption of terrorist financing are the International Convention for the Suppression of the Financing of Terrorism and the International Convention against Transnational Organized Crime.

International Convention for the Suppression of the Financing of Terrorism, 1999:

International Convention for the Suppression of the Financing of Terrorism established terrorist financing as a distinct offense, which is constituted by directly or indirectly, unlawfully and willfully, providing or collecting funds with the intention that they should be used or in the knowledge that they are to be used, in full or in part, to carry out an offense described in any one of the other twelve UN counterterrorist treaties, or to commit any other violent act with the intent of intimidating a population or compelling a government to act in a certain manner. The Convention contains four primary obligations which: (1) criminalize the provision or collection of funds for terrorists; (2) prohibit the provision of funds, assets or financial services to terrorists; (3) freeze without delay terrorist funds or other assets; and (4) establish adequate identification and reporting procedures for financial institutions. In addition, the Convention requires ratifying countries to criminalize terrorism, terrorist organizations, and terrorist acts and encourages Member States to implement measures that are consistent with FATF recommendations.<sup>157</sup>

International Convention against Transnational Organized Crime, 2000: Although not one of the thirteen UN Conventions that specifically address terrorism, this convention can be used as an effective tool to disrupt terrorist financing. Member States that have ratified the Convention are required to establish within their domestic laws four criminal offenses, to include:

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<sup>157</sup>United Nations, *International Convention for the Suppression of the Financing of Terrorism*, 1999, 1-15, Available from <http://www.un.org/law/cod/finterr.htm>; Internet; Accessed on 18 September 2006.

(1) participation in an organized criminal group; (2) money laundering; (3) corruption; and (4) obstruction of justice.<sup>158</sup> The Convention obligates ratifying countries to: (1) criminalize all serious crimes as predicate offenses of money laundering, whether committed within or outside of the country, and permits the required criminal knowledge or intent to be inferred from objective facts; (2) establish regulatory regimes to deter and detect all forms of money laundering, including customer identification, recordkeeping, and reporting of suspicious transactions; (3) authorize the cooperation and exchange of information among administrative, regulatory, law enforcement, and other authorities, both domestically and internationally; (4) establish a financial intelligence unit to collect, analyze, and disseminate information; and (5) promote international cooperation.<sup>159</sup>

International Resolutions: The USG, with DOS in the lead, maintains a working relationship with the UN to develop and support numerous UNSCRs such as 1267, 1269, 1373, 1617, 1730, and 1735, which have helped give international momentum and legitimacy to the global effort against terrorist financing.<sup>160</sup> This is extremely important because most of the assets making their way to terrorist organizations are not under U.S. control or jurisdiction, and when an individual or organization, such as al-Qaeda, is included on the UN's sanctions list, all 191 UN Member States are obligated to implement the sanctions, such as freezing the assets.<sup>161</sup>

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<sup>158</sup>United Nations, *Convention against Transnational Organized Crime*, 2000, 1, Available from <http://www.unodc.org/adhoc/palermo/convmain.html>; Internet; Accessed on 18 September 2006.

<sup>159</sup>United Nations, *United Nations Convention against Transnational Organized Crime*, 2000, 1-34, Available from [http://www.unodc.org/unodc/en/crime\\_cicp\\_convention.html](http://www.unodc.org/unodc/en/crime_cicp_convention.html); Internet; Accessed on 27 February 2007.

<sup>160</sup>See Appendix H, International Resolutions and Conventions for a more in depth list of Security Council and General Assembly Resolutions that pertain to terrorist financing; and Government Accounting Office, GAO-06-19, 8.

<sup>161</sup>House of Representatives, Committee on Government Reforms, Subcommittee on Technology and Information Policy Intergovernmental Relations and the Census, Testimony of George Glass, Director of the Office of Terrorism Finance and Sanctions Policy, Department of State, "U.S. Interagency Efforts to Combat Terrorist Financing," 15 December 2003, 3, Available from [http://www.globalsecurity.org/security/library/congress/2003\\_h/031215-state\\_testimony.pdf](http://www.globalsecurity.org/security/library/congress/2003_h/031215-state_testimony.pdf); Internet; Accessed on 18 September 2006.

UNSCR 1267, 1999: UNSCR 1267 obligates member states to freeze assets of individuals and organizations associated with Osama bin Laden, members of al-Qaeda or the Taliban that are included on the consolidated list maintained and regularly updated by the UN 1267 Sanctions Committee.<sup>162</sup> UNSCR 1267 is also one of the implementing authorities for EO 13224.<sup>163</sup>

UNSCR 1269, 1999: UNSCR 1269 calls on member states to implement the international anti-terrorist conventions to which they are a party. Although the Security Council specifically referred to “terrorist financing” for the first time in UNSCR 1269, it was not in the context of state-sponsored terrorism. However, General Assembly Resolution 49/60 clearly implicated state entities directly in such financing by acts and omissions such as sheltering, facilitating, funding, and failing to adopt suppressive measures.<sup>164</sup>

UNSCR 1373, 2001: UNSCR 1373 is the broadest of UNSCRs and obligates member states to: (1) criminalize actions that finance terrorism; (2) prevent and suppress terrorist financing, freeze funds, and other financial assets or economic resources of persons who commit or attempt to commit terrorist acts; (3) prohibit active or passive assistance to terrorists; and (4) cooperate with other countries in criminal investigations and share of information with regard to planned terrorist acts.<sup>165</sup>

UNSCR 1617, 2005: UNSCR 1617 extended sanctions against al-Qaeda, Osama bin Laden, and the Taliban, and strengthened previous related resolutions. The resolution: (1) extended the mandate of the 1267 Sanctions Committee’s Monitoring Team; (2) clarified what

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<sup>162</sup>United Nations Security Council, *Resolution 1267*, 15 October 1999, 1-4, Available from <http://www.un.org/Docs/scres/1999/sc99.htm>; Internet; Accessed on 1 March 2007.

<sup>163</sup>The White House, Executive Order 13224, 1.

<sup>164</sup>United Nations Security Council, *Resolution 1269*, 19 October 1999, 1-2, Available from <http://www.un.org/Docs/scres/1999/sc99.htm>; Internet; Accessed on 1 March 2007.

<sup>165</sup>United Nations Security Council, *Resolution 1373*, 28 September 2001, 1-4, Available from <http://www.un.org/docs/scres/2001/sc2001.htm>; Internet; Accessed on 1 March 2007.

constitutes association with al-Qaeda; (3) strongly urged all member states to implement the comprehensive international standards embodied in the FATF 40 Recommendations on Money Laundering and Nine Special Recommendations on Terrorist Financing; (4) requested the Secretary-General increase cooperation between the UN and Interpol in order to provide the UN 1267 Committee with better tools to fulfill its mandate; and (5) urged member States to ensure that stolen and lost passports and other travel documents were invalidated as soon as possible, as well as to share information on those documents with other member States through the Interpol database.<sup>166</sup>

UNSCR 1730 (2006): UNSCR 1730 expanded on UNSCR 1617 and added an element of due process to designation mechanism. UNSCR 1730: (1) emphasizes that sanctions are an important tool in the maintenance and restoration of international peace and security; (2) adopts de-listing procedures and requests the Secretary-General establish within the Secretariat (Security Council Subsidiary Organs Branch), a focal point to receive de-listing requests and to perform the tasks described in the annex to UNSCR 1730; and (3) directs the sanctions committees established by the Security Council, including those established pursuant to resolution 1718 (2006), 1636 (2005), 1591 (2005), 1572 (2004), 1533 (2004), 1521 (2005), 1518 (2003), 1267 (1999), 1132 (1997), 918 (1994), and 751 (1992) to revise their guidelines accordingly.<sup>167</sup>

UNSCR 1735 (2006): UNSCR 1735 is a rollover of UNSCR 1617, reaffirming 1267, 1373, 1617, standardizing listing procedures through the use of cover sheet and statement of case. UNSCR 1735 expresses deep concern about the criminal misuse of the internet and the nature of the threat in particular the ways in which terrorist ideologies are promoted by al-Qaeda, Osama

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<sup>166</sup>United Nations Security Council, *Resolution 1617*, 29 July 2005, 1-8, Available from [http://www.un.org/Docs/sc/unsc\\_resolutions05.htm](http://www.un.org/Docs/sc/unsc_resolutions05.htm); Internet; Accessed on 1 March 2007.

<sup>167</sup>United Nations Security Council, *Resolution 1730*, 19 December 2006, Available from [http://www.un.org/Docs/sc/unsc\\_resolutions06.htm](http://www.un.org/Docs/sc/unsc_resolutions06.htm); Internet; Accessed on 1 March 2007.

bin Laden, and the Taliban, and other individuals, groups, undertakings, and entities associated with them, in furtherance of terrorist acts. In addition, UNSCR 1735 freezes the funds and other financial assets or economic resources of these individuals, groups, undertakings and entities, including funds derived from property owned or controlled, directly or indirectly, by them or by persons acting on their behalf or at their direction, and ensure that neither these nor any other funds, financial assets or economic resources are made available, directly or indirectly, for such persons' benefit, or by their nationals or by persons within their territory.<sup>168</sup>

## **U.S. Laws and Federal Regulations**

U.S. laws, federal regulations and policies designed to disrupt the flow of terrorist financing and will be broken down into three parts: (1) sanction-focused laws; (2) banking-focused laws; and (3) federal regulations.<sup>169</sup>

Sanction-Focused Laws: There are two important sanction-focused laws that facilitate the disruption of terrorist financing: (1) the International Emergency Economic Powers Act; and (2) the Antiterrorism and Effective Death Penalty Act.

International Emergency Economic Powers Act (IEEPA), 1977: IEEPA falls under the provisions of the National Emergencies Act and authorizes the President of the United States (POTUS) to deal with any unusual and extraordinary threat to the national security, foreign policy, or economy of the U.S., which has its source in whole or substantial part outside the U.S., if the POTUS declares a national emergency with respect to such threat.<sup>170</sup> It further authorizes the POTUS, after such a declaration, to block transactions and freeze assets to deal with the stated

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<sup>168</sup>United Nations Security Council, *Resolution 1735*, 22 December 2006, Available from [http://www.un.org/Docs/sc/unsc\\_resolutions06.htm](http://www.un.org/Docs/sc/unsc_resolutions06.htm); Internet; Accessed on 1 March 2007.

<sup>169</sup>See Appendix C for a more in depth list that pertain to terrorist financing.

<sup>170</sup>85th Congress of the U.S. 1977, *International Emergency Economic Powers Act*, Available from [http://www.law.cornell.edu/uscode/50/usc\\_sup\\_01\\_50\\_10\\_35.html](http://www.law.cornell.edu/uscode/50/usc_sup_01_50_10_35.html); Internet; Accessed on 18 March 2006.



threat. In the event of an actual attack on the U.S., the POTUS can also confiscate property connected with a country, group, or person that aided in the attack.<sup>171</sup>

Antiterrorism and Effective Death Penalty Act (AEDPA), 1996: AEDPA was the product of legislative efforts stretching back well over a decade and energized in part by the tragedies in Oklahoma City and the World Trade Center and serves as the empowering statute for FTO designation.<sup>172</sup> The AEDPA has several important anti-terrorist measures, such as: (1) making membership in a designated terrorist organization a basis for the denial of a visa to enter the U.S.; (2) making illegal alien terrorists excludable rather than deportable, wherever and whenever they are apprehended; (3) establishing special deportation procedures for aliens believed to be engaged in terrorist activities when there is evidence of a classified nature to support the allegation; (4) allowing the Attorney General to request assistance from the DoD in cases involving WMD; and (5) authorizing funds to establish a counterterrorism center, which eventually became the NCTC.<sup>173</sup> The AEDPA contains two specific provisions that address terrorist financing: (1) banning material support (excluding medical and religious materials) that is knowingly given to foreign organizations designated as terrorist by the Secretary of State; and (2) closing a loophole in the judicial system that permitted groups to raise money for terrorist organizations.<sup>174</sup>

Banking-Focused Laws: Two banking-focused laws that are important in facilitating the disruption of terrorist financing are: (1) the Currency and Foreign Transactions Reporting

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<sup>171</sup>Ibid., 5.

<sup>172</sup>Charles Doyle, *Antiterrorism and Effective Death Penalty Act of 1996: A Summary*, 3 June 1996, Available from <http://www.fas.org/irp/crs/96-499.htm>; Internet; Accessed on 18 September 2006.

<sup>173</sup>104th Congress of the U.S. 1996, *Antiterrorism and Effective Death Penalty Act*, 1-150, Available from <http://usinfo.state.gov/usa/infousa/laws/majorlaw/s735.htm>; Internet; Accessed on 18 September 2006.

<sup>174</sup>Ibid., 50-55.

Act; and (2) the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act (USA Patriot Act).

Currency and Foreign Transactions Reporting Act, 1970: The Currency and Foreign Transactions Reporting Act, otherwise known as the “Bank Secrecy Act” (BSA), was designed to help identify the source, volume, and movement of currency and other monetary instruments into or out of the U.S.<sup>175</sup> The central purpose of the BSA is to fight money laundering, terrorist financing, and other illicit financing activities. Today more than 170 crimes are listed in the federal money laundering statutes. They range from drug trafficking, gunrunning, murder for hire, and fraud, to acts of terrorism.<sup>176</sup>

USA Patriot Act, 2001: Was passed subsequent to the attacks of 9/11 and greatly expanded the authority and investigative tools of law enforcement agencies to disrupt terrorist activities at home and abroad.<sup>177</sup> The USA Patriot Act enhances the U.S. ability to combat terrorist financing and money laundering by: (1) expanding anti-money laundering (AML) compliance program requirements of organizations, such as broker-dealers and casinos; (2) facilitating access to records and requiring banks to respond to requests for information within 120 hours; (3) requiring regulatory agencies to evaluate an institution’s AML record when considering bank mergers, acquisitions, and other applications for business combinations; and (4) providing the Secretary of the Treasury with the authority to impose “Special Measures” on jurisdictions, institutions, or transactions that are of “primary money-laundering concern.”<sup>178</sup>

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<sup>175</sup>House of Representatives, Committee on International Relations, Testimony of Herbert A. Biern, “The Bank Secrecy Act and the USA Patriot Act,” 17 November 2004, Available from <http://www.federalreserve.gov/boarddocs/testimony/2004/20041117/default.htm>; Internet; Accessed on 18 September 2006.

<sup>176</sup>Department of the Treasury, *Bank Secrecy Act*, 1970, Available from [http://www.fincen.gov/reg\\_statutes.html](http://www.fincen.gov/reg_statutes.html); Internet; Accessed on 18 September 2006.

<sup>177</sup>Scott Sulzer, “Money Laundering: The Scope of the Problem and Attempts to Combat It,” *Tennessee Law Review*, 143 (1995): 153.

<sup>178</sup>*Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Acts of 2001*, Pub. L. No. 107-56, 115 stat. 272 (codified and amended in scattered

Federal Regulations: The USG's primary and most public tool in the fight against terrorist financing is EO 13224.<sup>179</sup> EO 13224 provides a means of disrupting the financial support network for terrorists and terrorist organizations by authorizing the USG to designate and block the assets of foreign individuals and entities that commit, or pose a significant risk of committing, acts of terrorism.<sup>180</sup> In addition, the order authorizes the USG to block the assets of individuals and entities that provide support, services, or assistance to, or otherwise associate with, terrorists and terrorist organizations designated under the order, as well as their subsidiaries, front organizations, agents, and associates.<sup>181</sup> EO 13224 serves as an outstanding example of leveraging international efforts to support U.S. interests. In 2005, there were 300 individuals and entities designated by the USG pursuant to EO 13224 that were listed on the UNSCR 1267/1617 Consolidated List.<sup>182</sup>

DoD Directives: As stated by the author in Chapter One, DoD has no defined authorities under U.S. law and regulations nor does DoD have an overarching policy that addresses threat finance. However, DoD derives its roles and responsibilities from the: (1) National Strategy for Combating Terrorism; (2) National Implementation Plan (NIP); and (3) various other classified national action plans.

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sections of 8, 15, 18, 22, 31, 42, 49, and 50 of the United States Code), Available from [http://www.fincen.gov/pa\\_main.html](http://www.fincen.gov/pa_main.html); Internet; Accessed on 18 September 2006.

<sup>179</sup>House of Representatives, Committee on Government Reform, Subcommittee on Criminal Justice Drug Policy and Human Resources, Testimony of Daniel L. Glaser, Director, Executive Office for Terrorist Financing and Financial Crime, U.S. Department of the Treasury, 11 May 2004, 1, Available from <http://www.ustreas.gov/press/releases/js1539.htm>; Internet; Accessed on 18 September 2006.

<sup>180</sup>EO 13224 gives the Departments of the Treasury and State the ability to designate terrorists and terrorist financiers and gives the Treasury Department the ability to implement orders that freeze the assets of designated terrorists.

<sup>181</sup>The White House, Executive Order 13224, 1.

<sup>182</sup>Department of Treasury, *Terrorist Assets Report 2005*, 1-6.

## **Exploitable Seams and Gaps within Current U.S. Law and International Conventions**

Two major seams in current U.S. law and international conventions which leaves the U.S. vulnerable to terrorist attacks include: (1) no U.S. legislation mandating an IA version of the Goldwater-Nichols Department of Defense Reorganization Act of 1986; and (2) the failure of the International Convention against Transnational Organized Crime and the Convention against Corruption to include terrorist financing.

## CHAPTER SIX

### RECOMMENDATIONS AND DESIRED EFFECTS

Purpose: The purpose of this chapter is to communicate several recommendations on how to disrupt terrorist organizations in the Twenty-First Century. Chapter Six consists of five main topic areas that include the following recommendations to enhance the disruption of terrorist financing: (1) a designated organization with the mandate and funding authority to coordinate and direct the actions of all USG agencies against terrorist organizations; (2) enhanced multilateral cooperation and information sharing; (3) an integrated and collaborative communications sharing network; (4) establishing a DoD policy and way ahead; and (5) additions and modifications to current U.S. and international legal framework.

#### **Designation of an Organization with the Mandate and Funding Authority to Direct Actions**

Issue: Currently there is no overarching organization with the mandate and funding authority to direct the actions of the IA against terrorist organizations.

Discussion: The NSC has the authority to coordinate actions among the IA. What the NSC does not have is the authority to: (1) mandate actions when justifiable differences and priorities occur between the IA; (2) mandate strategic alignment of efforts and resources; and (3) allocate additional resources to facilitate IA requirements when necessary.<sup>183</sup> In addition, the NCTC serves as the primary organization in the USG for: (1) integrating and analyzing all intelligence pertaining to terrorism and counterterrorism activities; (2) conducting strategic operational planning by integrating all instruments of national power; and (3) coordinating and

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<sup>183</sup>The White House, *The National Security Council*, Available from <http://www.whitehouse.gov/nsc/>; Internet; Accessed on 27 February 2007.

monitoring counterterrorism plans and activities between the various government agencies.<sup>184</sup>

Although the NCTC has made remarkable strides in attempting to integrate the various intelligence agencies' efforts and coordinate the various counterterrorism plans and activities within the USG, those efforts represent only one piece of the solution.

Neither the NSC nor NCTC have the mandate and funding authority to provide a fully integrated and resourced holistic approach to maximize U.S. efforts in disrupting terrorist organizations. The current system is predicated on the various IAs putting aside legitimate differences with respect to focus, priorities, resources, and mission requirements and working together in a collegial manner to accomplish what is often a poorly orchestrated and resourced effort. While the current system has merit, it has a tendency to rely heavily on force of personality and informal relationships between the various organizations rather than on any mandated structural mechanism to achieve its end state. The disruption of terrorist finances must be addressed within the overarching context of threat finance, and threat finance must be integrated and resourced as part of a holistic approach in the fight against terrorist organizations. Currently the U.S. is operating under a system where the NSC has the authority to coordinate the various efforts of organizations such as DHS, CIA, DHS, DOJ, FBI, DoD, Treasury Department, and NCTC, as well as representatives of other departments or agencies as needed; nonetheless, the various IA are all working towards their own specific goals and agendas without an overarching organization directing their efforts. To be successful the U.S. must address the problem of terrorism under the guidance and leadership of one overarching organization that has the mandate and funding authority to direct all activities' and agencies' actions against terrorist organizations.

Recommendation: The author is advocating three recommendations. First, that the NSC is given legislative authority to: (1) direct actions; (2) establish funding priorities; (3)

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<sup>184</sup>National Counterterrorism Center, *NCTC*, Available from <http://www.nctc.gov/>; Internet; Accessed on 18 September 2007.

develop an integrated U.S. strategy; (4) establish accountability mechanisms; and (4) to allocate additional resources as needed. Second, that the NSC accomplishes these new mandates through the CSG. Third, that the CSG: (1) rename the Sub-CSG on Terrorist Finance to the Sub-CSG on Threat Finance; (2) designate the Sub-CSG on Threat Finance as the lead organization against Threat Finance; and (3) establish a working group or fusion center that allows all the organizations of the IA, law enforcement, and banking industry to integrate and de-conflict their actions before being brought up to the Sub-CSG level.

Desired Effect: The desired effect is the establishment of one organization with the mandate and funding authority to direct and leverage the various assets within the U.S. in concert with one another to achieve a synergistic and well-orchestrated end state. Not only would these recommendations help facilitate alignment of the disparate organizations and agencies, but they would also facilitate foreign policy guidance, diplomatic engagement, and training and technical assistance to foreign countries. This, in turn, will: (1) enhance the disruption and risk to terrorist organizations worldwide; (2) increase the security of U.S. citizens; and (3) protect U.S. interests at home and abroad.

## **Enhanced Multilateral Information and Intelligence Sharing**

Issue: The current U.S. information and intelligence sharing framework is predicated on the concept of “need to know” versus “need to share.”

Discussion: Multilateral information sharing is critical to the U.S. efforts against terrorist organizations. Since 9/11, most of the important U.S. successes against terrorist organizations have been made possible through effective multilateral partnerships. Continued success depends on the actions of a powerful coalition of nations and industry enhancing the flow of information and intelligence between one another. While much of the information the intelligence community produces can be of significant value in the fight against terrorist organizations, the value will not be fully realized or maximized until multilateral efforts are made

to filter, analyze, and disseminate the information to those organizations that can make the best use of the information in a timely manner.<sup>185</sup> While great strides have been made to enhance the sharing of information among the IA since 9/11, the U.S. still has lots of room for improvement when it comes to obtaining, analyzing, and disseminating information in a timely fashion, especially with respect to the private sector entities, allies, and partner nations.

Due to political, operational, and various other security reasons, there are times that information should not be shared in a multilateral fashion; these reasons should be treated as the exception to the rule rather than the norm. With respect to threat finance, information sharing predicated on a “need to know” mentality actually increases the risk to the U.S. For instance, members of the USG interact weekly with various other nations and private industries around the world who ask to see the facts that substantiate the U.S. case for designating a group as a terrorist organization or for nominating an organization for inclusion on the UNSCR 1267/1617 Consolidated List. Unfortunately, these questions are often not answered to the satisfaction of the questioning nation based on the unwillingness or inability of the U.S. to share the pertinent information that substantiates its case.<sup>186</sup> Due to the fact that the country does not understand the reasons for designation, they are often less likely to support the U.S. designation, especially when the nation views the organization in question as a legitimate and often beneficial organization and has no available information or intelligence to the contrary.

Recommendation: First, the U.S. should pass applicable laws, treaties, arrangements, or other mechanisms that would allow and encourage a change in its information and intelligence

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<sup>185</sup>U.S. Senate, Committee on Banking, Housing and Urban Affairs, Testimony of John S. Pistole, Assistant Director, Counterterrorism Division, FBI, "Identifying, Tracking and Dismantling the Financial Structure of Terrorist Organizations," 25 September 2003, 5. Available from <http://www.fbi.gov/congress/congress03/pistole092503.htm>. Internet. Accessed on 11 March 2007.

<sup>186</sup>U.S. Senate, Judiciary Subcommittee on Terrorism, Technology, and Homeland Security, Matthew A. Levitt, Senior Fellow in Terrorism Studies and The Washington Institute for Near East Policy "Terrorist Financing," 10 September 2003, 35.



sharing framework from a “need to know” to a “need to share” mentality. Specifically, legislation, treaties, arrangements, or other mechanisms should expand the language found in EO 13356: *Strengthening the Sharing of Terrorism Information to Protect Americans*, 2004 and EO 13388: *Further Strengthening the Sharing of Terrorism Information to Protect Americans*, 2005 to cover allies and partner nations. This would allow the U.S. to: (1) grant access to terrorism information and intelligence to the heads of various agencies, organizations, and nations that have counterterrorism functions and provide a standardized method for sharing information and intelligence; (2) cooperate in the development and facilitate the production of reports based on terrorism information with contents and formats that permit maximum dissemination; and (3) provide a common standard for the sharing of terrorism information by agencies within the IC. In addition, the U.S. could improve information and intelligence sharing by: (1) requiring, at the outset of the intelligence collection and analysis process, the creation of records and reporting for both raw and processed information, including, for example, metadata and content in such a manner that sources and methods are protected so that the information can be distributed at lower classification levels, and by creating unclassified versions for distribution whenever possible; (2) requiring records and reports related to terrorism information to be produced with multiple versions at an unclassified level and at varying levels of classification, e.g., on an electronic tear line basis, allowing varying degrees of access; (3) requiring terrorism information to be shared free of originator controls; (4) minimizing the applicability of information compartmentalization systems to terrorism information; and (5) establishing appropriate arrangements that provide incentives for, and hold personnel accountable for, increased sharing of terrorism information consistent with requirements of the Nation's security.<sup>187</sup>

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<sup>187</sup>The White House, Executive Order 13356, *Strengthening the Sharing of Terrorism Information to Protect Americans*, 27 August 2004, Available from <http://www.fas.org/irp/offdocs/eo/eo-13356.htm>; Internet; Accessed on 27 February 2007.

Second, that legislation is passed to expand the role of the Program Manager Information Sharing Environment (PIMSE) to include allies and partner nations. PIMSE has made wonderful headway with regard to improving terrorism information sharing between federal, state, local, and tribal entities and is progressing toward incorporating private sector entities. However, the U.S. must expand its efforts to facilitate information sharing with foreign governments. In addition, legislation should be passed to modify the Intelligence Reform and Terrorism Prevention Act (IRTPA), 2004 with respect to NCTC by adding purely domestic terrorist groups to the language.

Third, that legislation is passed that facilitates and streamlines acquisition of terrorism information data. The current system is often a legally and bureaucratically cumbersome process, wherein Secretary-level government officials frequently must approve the data transfer.<sup>188</sup> Without timely and accurate passage of information the U.S. is only hampering its efforts and creating additional seams for terrorists to exploit.

Desired Effect: The desired effect is a proactive information and intelligence sharing framework predicated on a “need to share” mentality. Through multilateral cooperation the U.S. will enhance the ability of its allies and partner nations across the globe to: (1) secure their critical infrastructures; (2) enhance the disruption and risk to terrorist organizations worldwide; (3) deny terrorist funding and freedom of movement; and (4) deny terrorists access to WMD/E and safe havens in ungoverned spaces around the world.

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<sup>188</sup>National Counterterrorism Center, *NTCT and Information Sharing, Five Years Since 9/11: A Progress Report* (Washington, DC: Government Printing Office, 2006), 10, Available from [http://www.nctc.gov/docs/report\\_card\\_final.pdf](http://www.nctc.gov/docs/report_card_final.pdf); Internet; Accessed on 28 September 2006.

## **An Integrated and Collaborative Information and Intelligence Sharing Network**

Issue: Currently there is no integrated and collaborative information and intelligence sharing network within the U.S. between the IA, law enforcement, private sector, allies, and partner nations.

Discussion: While there are numerous types of information and intelligence sharing architectures in existence, none of the current systems allow for integrated and collaborative information and intelligence sharing between the IA, law enforcement, private sector, allies, and partner nations.<sup>189</sup> Some progress has been made over the past five years, especially with the creation of NOL, but most of the current systems are disjointed and stove piped and still do not maximize timely information and intelligence sharing.

One of the keys to success in the effort to disrupt terrorist organizations is the ability of IA's, law enforcement, private sector, allies, and partner nations to conduct integrated and collaborative efforts over a network that is secure, flexible, and allows for timely passage of information, while being robust enough to meet evolving command, control, communications, and computer (C4) requirements.

Recommendation: The U.S. should create an integrated and collaborative information and intelligence sharing network among the IA, law enforcement, private sector, allies, and partner nations called the Worldwide Information and Intelligence Network (WIIN).<sup>190</sup> WIIN would create an integrated and collaborative international online community against terrorism

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<sup>189</sup>Such systems include: (1) NCTC Online (NOL); (2) Joint Worldwide Intelligence Communications System (JWICS); (3) Law Enforcement Online (LEO); (4) FinCEN Communications Network; (5) GRIFFIN; (6) FBI Intranet; (7) Data Analysis and Research for Trade Transparency System (DARTTS); (8) Secret Internet Protocol Router Network (SIPRNet); (9) DoD Intelligence Information System (DODIIS); (10) Interpol's I-24/7 Global Police Communications System; and (11) Egmont Group Secure Web,

<sup>190</sup>See Appendix I: Worldwide Information and Intelligence Network (WIIN), for design and capabilities of proposed system.

that could be used by IA, law enforcement, private sector, allies, and partner nations to: (1) maximize the use of limited resources; (2) filter, analyze, and disseminate practical information in a timely manner utilizing tier lines for those organizations that can best utilize the information; (3) create access to raw, current, and finished intelligence products; (4) facilitate the development of international standards with regard to: (a) intelligence reporting, (b) legal authorities, (c) law enforcement, (d) banking, (e) definitions and terms, and (f) technical and training assistance; (5) increase law enforcement ability to prevent, investigate, and prosecute terrorist organizations through the exchange of information between law enforcement, security agencies, and private sector organizations; (6) create a repository for standardized data points on patterns, techniques and mechanisms that would enhance modeling of terrorist organizations and increase international understanding of the patterns and behaviors of terrorist organizations; (7) facilitate the development of metrics to measure the effects of current counterterrorism efforts; (8) help create an effective risk-based holistic screening tool; and (9) create a service-oriented architecture to separate data from applications and improve the integration of legacy capabilities.

The advantage of WIIN is that: (1) the Internet is used as the coordination backbone; (2) it provides a platform for integrated collaboration and communications from the Unclassified to Top Secret (TS)/Sensitive Compartmented Information (SCI) level; (3) all communication systems used in the system comply with NSA and Communications Security Establishment (CSE) standards for Type 1 encryption; (4) all traffic from site to site is encrypted in accordance with NSA guidelines using Type 1 encryption devices; (5) it does not require additional hardware at the individual user level; (6) it is deployable; and (7) it provides the capability for: (a) file sharing and transfer, (b) email, (c) web conferencing with Voice Over IP (VOIP), (d) chat, (e) instant messaging, (f) web-based information management, which in turn allows publishing and compartmentalization of the system, and (g) providing a Common Operational Picture (COP) at a package cost of \$1,200,000 per server with a tail of \$250,000 per year as designed.

While WIIN would create a complicated balance of legal, technical, security, and policy matters that would need to be resolved, and a massive quantity of information that would need to be filtered, the gains would far outweigh the risks and challenges involved. Since various organizations around the world hold different pieces of the terrorist finance puzzle, it is critical for the U.S. to have the ability to access information and intelligence in its entirety if it hopes to create a complete picture against which to allocate its resources.

Desired Effect: The desired effect is an integrated collaborative network that enhances information and intelligence sharing among the IA, law enforcement, private sector, allies, and partner nations from the Unclassified to TS/SCI level on a “need to share” basis. This, in turn, will enhance the disruption and risk to terrorist organizations worldwide, increase the security of U.S. citizens, and protect U.S. interests at home and abroad.

## **DoD Policy and Way Ahead**

Issue: Currently, the DoD has no policy nor way ahead on how to facilitate and integrate its threat finance efforts with regard to the IA, law enforcement, private sector, allies, and partner nations.

Discussion: While the DoD derives its threat finance roles and responsibilities from the: (1) National Strategy for Combating Terrorism (NSCT), 2006; (2) NIP; and (3) various other national actions plans, these strategies and plans do not constitute a DoD threat finance policy or way ahead. DoD has also developed the National Military Strategic Plan for the War on Terrorism (NMSP-WOT), 2006, and several other classified plans, execution orders, and assessments to combat terrorism, but these documents do not constitute a policy or way ahead with respect to threat finance, either.

Other threat finance areas that DoD should address to maximize its capabilities and resources to better protect U.S. interests at home and abroad include developing: (1) a refined threat finance organizational structure; (2) types of actions that could be conducted in support of

the IA, law enforcement, allies, and partner nations; (3) doctrine, organization, training, material, leadership, facilities, and personnel (DOTMLFP) requirements; (4) a cadre of experts in the field of threat finance and a method for tracking these experts within DoD; (5) a comprehensive education and training program; (6) a baseline list of equipment requirements; (7) techniques, tactics, and procedures; (8) new threat finance doctrine, as well as an integration of current threat finance concepts into current doctrine; (9) a method that would synchronize the DoD terrorist list with the IA; (10) a synchronization method that broadens DoD focus from GCC level to the global level and that allows DoD to speak with one voice when interacting with IA, law enforcement, private sector, allies, and partner nations at the strategic level; and (11) better relationships with the IA, law enforcement, private sector, allies, and partner nations to enhance DoD understanding of their equities, objectives, and requirements. DoD needs to place more emphasis and resources behind its efforts. The first NMSP-WOT, 2006 GWOT military strategic objective listed is to deny terrorists the resources they need to operate and survive.<sup>191</sup> If this is truly the DoD number one strategic objective, then DoD should allocate additional resources accordingly.

Recommendation: The first recommendation is for DoD to develop a clear and well thought out policy and way ahead through a collaborative effort between the: (1) Secretary of Defense; (2) Under Secretary of Defense for Policy; (3) Assistant Secretary of Defense for Special Operations and Low Intensity Conflict (ASD SOLIC); (4) Joint Chiefs of Staff; (5) unified combatant commands; (6) combat support agencies (CSA); (7) IA; (8) law enforcement;

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<sup>191</sup> Department of Defense. 2006. National Military Strategic Plan for the War on Terrorism. Available from <http://www.defenselink.mil/qdr/docs/2005-01-25-Strategic-Plan.pdf>; Internet; Accessed on 18 September 2006.

(9) private sector; (10) allies; and (11) partner nations.<sup>192</sup> The Undersecretary of Defense Policy should develop, coordinate, and oversee the implementation of DoD policy for threat finance planning, preparation, coordination, implementation, support, and lessons learned, and represent DoD at the Sub-CSG on Terrorist Finance. The ASD SOLIC should: (1) serve as the principal staff assistant and civilian advisor to the Secretary of Defense and the Undersecretary of Defense for Policy on threat finance; (2) establish and promulgate goals and objectives, policy guidance, and recommendations on threat finance; (3) determine threat finance requirements in accordance with DoD threat finance policy and strategic guidance, once it is developed; (4) promulgate policy and provide policy guidance and recommendations on DoD support to other government agencies; (5) coordinate the development of a plan of action and milestones (POAM); (6) coordinate and review DoD progress toward developing a flexible and fully integrated threat finance architecture; (7) serve as the DoD focal point for integrating DOTMLFP requirements; and (8) convene a threat finance coordination group to develop, review, and recommend policy level actions which would serve to integrate the actions of various DoD entities. The Joint Chiefs of Staff should: (1) provide advice to the Secretary of Defense on military aspects of threat finance; (2) coordinate implementation of a threat finance policy and DOTMLFP requirements; and (3) ensure that the Joint Requirements Oversight Council (JROC) reviews threat finance annual requirements. Each of the Unified Combatant Command and defense agencies should develop a threat finance capability with clearly delineated roles and responsibilities that are integrated with a Joint and Interagency Coordination Group (JIACG) tailored to meet the requirements and challenges of their organizations. Such actions would result in improved interagency cooperation and operational effectiveness at the operational and tactical level. If the

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<sup>192</sup> The current unified commands are: Reserve Affairs Worldwide Support; USEUCOM; United States Joint Forces Command (USJFCOM); USNORTHCOM; USPACOM; USSOUTHCOM; USSOCOM; USSTRATCOM; and United States Transportation Command (USTRANSCOM).

unified combatant command or defense agency does not have a JIACG or a Joint Interagency Task Force (JIATF), then at a minimum DOS and the Treasury Department should exchange liaison officers (LNOs) and increase IA assignments to enhance threat finance coordination and interoperability. Finally, USSOCOM should be appointed as the synchronizing entity within DoD to promote interoperability with regard to: (1) equipment requirements; (2) education and training; (3) doctrinal development and integration; (4) techniques, tactics, and procedures development and integration; (5) developing and advancing threat finance capabilities; and (6) terrorist designation integration and synchronization between the DoD and the IA by adopting the NCTC tiered threat priority construct.

The above recommendations are by no means a complete solution to the problem and do not address several of the current problems related to threat finance. For instance, the role for several of the Under Secretary and Assistant Secretary positions, such as the Under Secretary of Defense, Intelligence should be examined; and there is a need for additional working groups, like a Threat Finance Technology Working Group (TFTWG).

The second recommendation is to refine the current threat finance organizational structure within DoD.<sup>193</sup>

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<sup>193</sup>See Figure 4, Recommended DoD Threat Finance Organizational Structure



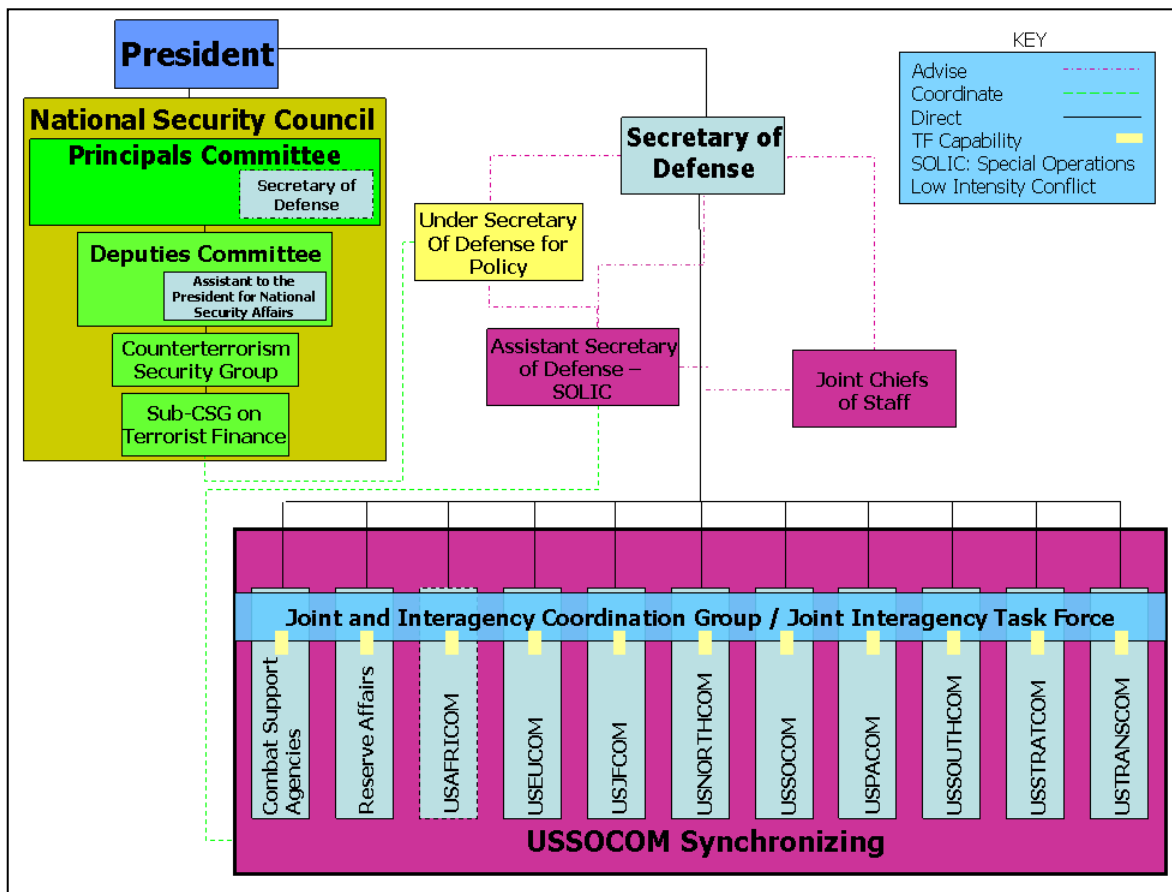


Figure 4. Proposed DoD Threat Finance Organizational and Command Structure

The proposed organizational structure facilitates integration, collaboration, enhanced utilization of resources, flexibility, and synchronization of effort between DoD and the IA from the tactical to strategic level and helps to create one DoD voice at the strategic level. The proposed threat finance organizational and command structure contains four key concepts. First, it does not change the current command and control relationship between GCCs and CSAs with the Secretary of Defense. Second, it clarifies the synchronization role conducted by USSOCOM. Third, it provides a linkage for maximizing DoD threat finance integration between GCCs and CSAs and the IA through the use of TFEU. Finally, it establishes a mechanism for the DoD to speak with one voice to the IA at the National Level. The advantage of the proposed recommendation is that it maximizes the ability of Unified Combatant Commanders to execute

their missions and leverage IA capabilities, and vice versa, while synchronizing their efforts across the globe. In addition, it provides a flexible mechanism for DoD to integrate, support, and build relationships with the IA, law enforcement, private sector, allies, and partner nations. Third, it places a threat finance exploitation capability within all the Unified Commands that can be utilized to disrupt threat finances.

The third recommendation is that DoD develop a comprehensive and integrated list of actions that could be conducted in support of other government agencies, law enforcement, allies, and partner nations. Some of the actions that DoD could take include: (1) expanding the definition of threat finance to include economic warfare; (2) providing intelligence collection support along with analysis and the widest dissemination of the information on a “need to share” basis; (3) providing situational awareness through the presence of service members on the ground; (4) providing the conditions that allow the IA, law enforcement, allies, and partner nations to conduct operations within a non- or semi-permissive environment; (5) creating a multilateral information sharing network as discussed earlier in this chapter to facilitate the rapid dissemination and exploitation of information; (6) providing LNOs and increasing interagency and intergovernmental assignments to help break down organizational stovepipes and advance the exchange of ideas and practices for a more effective counterterrorism effort; (7) placing DoD personnel on DOS-lead Financial Systems Assessment Team (FSAT); (8) infusing and sewing the seeds of doubt, distrust, and deception into terrorist organizations and networks to expand the threat seams and gaps that currently exist; (9) conducting senior leader visits to the various IA; (10) developing a global engagement strategy that integrates 1206 funding; (11) enhancing Sensitive Sight Exploitation (SSE) to improve evidence collection, prosecution, and data collection; (12) creating a data and trend analysis repository that is facilitated by the multilateral information sharing network on a “need to share” basis; (13) expanding computer network exploitation; and (14) enhancing capabilities and actions during the initial detention facility screening process which would allow the IA to maximize their resources.

The fourth recommendation is to expand education, training, and personnel utilization in the area of threat finance. To accomplish this, DoD should: (1) establish or integrate a DoD threat finance course at the resident and non-resident level; (2) send select personnel to the various IA threat finance courses and seminars; (3) allocate five to seven graduate level threat finance-associated slots a year under the advanced civil schooling program; (4) develop and integrate threat finance into existing joint doctrine; (5) establish and promulgate tactics, techniques, and procedures; (6) promote integration of threat finance during mission readiness exercises, such as those conducted at USJFCOM; (7) develop a “train the trainer” program; (8) establish mobile training teams; (9) host an annual threat finance conference that includes IA, law enforcement, private sector, allies, and partner nations; and (10) identify and track personnel who have been trained in threat finance by creating an enlisted and officer threat finance skill identifier to assist in future threat finance assignment utilization. By developing and fostering subject matter experts through education, training, and personnel utilization, the DoD will be better equipped to disrupt threat finance in a proactive and flexible manner.

Desired Effect: A well thought-out policy and way ahead that is flexible and will facilitate an integrated DoD threat finance effort regarding the IA, law enforcement, private sector, allies, and partner nations. Like any organization, DoD cannot hope to reach its desired end state without first determining what that end state looks like, developing a phased plan to reach that end state, determining alignment of resources, and then developing a policy to facilitate its way ahead.

### **Additions and Modifications to Current U.S. Law and International Conventions**

Issue: This section focuses on the issues of: (1) no current U.S. legislation mandating an IA version of the Goldwater-Nichols Act; and (2) the International Convention against

Transnational Organized Crime and the Convention against Corruption not encompassing terrorist financing.

Discussion: The Goldwater-Nichols Act mandated increased integration, interoperability, and utilization of resources by reducing inter-service redundancies and requiring the services to work together in a well-orchestrated manner to protect U.S. interests at home and abroad. In addition, the Goldwater-Nichols Act provided various types of “carrots and sticks” that helped ensure the Act was adopted and supported by the DoD.<sup>194</sup> Although the service chiefs fought the mandates, without them the DoD might still be laboring under the stovepiped and service-oriented system of the 1980’s.<sup>195</sup> This is where some argue that the IA finds itself today.

Recommendation: That legislation is enacted to create an IA version of the Goldwater-Nichols Act. While obviously not all portions of the Goldwater-Nichols Act would apply to the IA, there are several useful portions that could be used to form the foundation of the proposed legislation, such as: (1) more efficient use of resources through the improved management and administration of the IA’s through the NSC; (2) enhanced effectiveness of operations between the IA through the development of joint IA doctrine; (3) increased attention to the development of joint IA strategy and contingency planning; (4) having the NSC examine the roles and missions of the IA and submitting a triennial report with recommended changes to those roles and missions; (5) requiring joint IA experience for senior level promotions; (6) providing incentives and favorable promotion rates for individuals with joint IA experience; and (7) providing a joint IA professional education system, starting at the lowest levels with field level competencies being mastered at the junior management level, operations level competencies

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<sup>194</sup>99th Congress, Public Law 99-433, Goldwater-Nichols Department of Defense Reorganization Act of 1986 (Washington, DC: Government Printing Office, 1986), 1-84, Available from <http://www.ndu.edu/library/goldnich/99433pt1.pdf>; Internet; Accessed on 18 September 2006.

<sup>195</sup>Michael S. Hopkins, “Transforming for New Military Demands,” *Military Review* (May-June 2004), 61.

being mastered at the intermediate management level, and national level competencies being mastered at the SES leadership level. The IA must transform as one entity to a joint IA mentality.

Second, the UN should expand or re-write the International Convention against Transnational Organized Crime and the Convention against Corruption to include terrorist financing. The advantage of expanding these two conventions is that it would give member states the additional authorities to disrupt terrorist organizations by: (1) specifically listing terrorist financing within the realm of transnational organized crime; and (2) expanding money laundering authorities to encompass terrorist financing.

Desired Effect: The IA should transform as one entity to a joint IA mentality resulting in increased integration, interoperability, and utilization of resources by reducing IA redundancies and ensuring that the IA work together in a well-orchestrated manner.

## CONCLUSION

In conclusion, this monograph has demonstrated that the disruption of terrorist financing as part of an integrated and holistic approach is an effective way to enhance U.S. security, disrupt terrorist operations, and mitigate terrorist effects on U.S. strategic interests. In addition, this monograph has confirmed that the effects of terrorist organizations on U.S. strategic interests can be disrupted and mitigated by: (1) giving an existing organization the mandate and funding authority to coordinate and direct the actions of all USG departments and agencies (without stifling their flexibility or resources) against terrorist organizations; (2) enhancing multilateral cooperation and information sharing with IA, private sector, allies, and partner nations; (3) utilizing COTS technology to create an integrated communications network between the IA, private sector, allies, and partner nations; (4) establishing a DoD policy and clear way ahead; and (5) adding to and modifying current U.S. laws, federal regulations, policies, and international conventions with the knowledge that additional modifications will always be needed to facilitate this very adaptive and changing environment.

In the five years since 9/11, the fight against terrorist organizations has been fought on many fronts, with a great amount of attention being paid to DoD actions in Afghanistan and Iraq and the prosecutions and preventive measures taken by the DOJ and DHS. Meanwhile, a somewhat quieter, complex campaign against terrorist financing has shown that financial information and intelligence, investigations, prosecutions, sanctions, and diplomacy, when carefully coordinated and facilitated through international standards among the IA, private sector,

allies, and partner nations, can make a meaningful contribution to enhance U.S. security, disrupt terrorist operations and mitigate terrorist effects on U.S. strategic interests.<sup>196</sup>

The struggle against terrorism should focus on disrupting terrorist organizations and networks by constricting their operating environment, making it harder for terrorists to conduct operational, logistical, and financial activities. Although it may be impossible to completely eradicate terrorism, it is possible to constrict the operating environment to the extent that it will eventually lead to the suffocation of an individual terrorist organization. For instance, the Abu Nidal organization in the 1980's was the al-Qaeda of today; however, it no longer exists. So too will come a day when the primary international terrorist threat to U.S. interests is no longer posed by al-Qaeda. Sadly, as long as there are intolerant and violent humans on this earth, there will always be another terrorist organization standing in the wings to take its place.<sup>197</sup>

Therefore, if the U.S. hopes to be successful in its efforts against terrorist organizations, it must focus its efforts towards constricting the terrorists' operating environment by: (1) increasing its expertise and allocation of resources against the disruption of terrorist financing; (2) building capacity for improved governance by working with allies and partner nations across all elements of national power to improve their ability to detect and disrupt terrorist organizations; and (3) conducting an integrated and coordinated effort at the international level through: (a) the promotion of international intelligence and information sharing; (b) the establishment of common standards, tools, and protocols; and (c) fostering an environment of mutual understanding and respect between U.S. allies and partner nations.

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<sup>196</sup>Joseph M. Myers, "The Silent Struggle against Terrorist Financing," *Georgetown Journal of International Affairs* 6, no. 1 (Winter 2005): 33.

<sup>197</sup>U.S. Senate, Judiciary Subcommittee on Terrorism, Technology, and Homeland Security, Matthew A. Levitt, Senior Fellow in Terrorism Studies and The Washington Institute for Near East Policy "Terrorist Financing," 10 September 2003, 3.

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## APPENDICES

### APPENDIX A: U.S. Organizations and Efforts to Disrupt Terrorist Financing

Department/Agency	Bureau/Division/Office	Description of Effort
National Security Council (NSC)		The National Security Act of 1947, as amended, established the National Security Council to advise the President of the U.S. (POTUS) with respect to the integration of domestic, foreign, and military policies relating to national security. In short, the NSC advises the President on national security and foreign policy; serves as a forum for discussion among the President, presidential advisers, and cabinet officials; and is the President's mechanism for coordinating policy among government agencies on interdisciplinary issues. The NSC is responsible for the overall coordination of the interagency framework for combating terrorism including the financing of terrorist operations. Under the NSC structure are a series of committees and working groups which address terrorism issues.
	Counterterrorism Security Group (CSG)	The CSG is chaired by the NSC which is composed of high-level representatives (at the Assistant Secretary level) from key federal agencies (DHS, FBI, CIA, DoD, DHS, DOJ, Treasury Department, NCTC as well as representatives of other departments or agencies as needed). The purpose of the CSG is to share information and coordinate counterterrorism action on a daily basis against threats to U.S. interests domestically and abroad. A series of interagency working groups under the CSG coordinate specific efforts as needed.
	Sub-CSG on Terrorist Finance	The President established a Sub-CSG under the auspices of the NSC to ensure the proper coordination of counter-terrorism financing activities and information sharing among all agencies including: (1) Central Intelligence Agency, (2) Department of Defense, (3) Department of Justice, (4) Department of Homeland Security, (5) National Security Council, (6) State Department, (7) Treasury Department, (8) as well as the law enforcement community. Chaired by the Treasury Department, Office of the General Counsel. The Sub-CSG on Terrorist Financing was formalized at the end of 2005. The Sub-CSG coordinates the development and implementation of policies to combat terrorist financing and provides analysis on these issues. The Sub-CSG generally meets at least once a month to coordinate the USG's campaign against terrorist financing. The meetings generally focus on ensuring that all relevant components of the federal government are acting in a coordinated and effective manner to combat terrorist financing.
	Directorate for Combating Terrorism	The Directorate for Combating Terrorism, which is part of NSC, is headed by the National Coordinator at the Deputy National Security Advisor level. The National Coordinator will work within the National Security Council, report to the President through the Assistant to the President for National Security Affairs, and produce for him an annual Security Preparedness Report. The National Coordinator will also provide advice regarding budgets for counter-terror programs and lead in the development of guidelines that might be needed for crisis management.



	Combating Terrorism Information Strategy (CTIS) Policy Coordination Committee (PCC)	NSC chairs the CTIS PCC, which is responsible for countering terrorist hostile propaganda and contains at least one Sub-Group, the Counter Propaganda Working Group. Both the Central Intelligence Agency and Department of Defense participate in the CTIS PCC.
Treasury Department		Since PDD 39 in June 1995, the Secretary of the Treasury has been responsible for identifying and blocking terrorist financing. These efforts were stepped up after the terrorist attacks of 9/11, when the President signed Executive Order 13224. Treasury also has the responsibility to protect the integrity of the financial system by administering the Bank Secrecy Act (BSA), as enhanced by Title III of the USA Patriot Act.
	Office of Terrorism and Financial Intelligence (TFI), Treasury Department	TFI marshals the department's intelligence and enforcement functions with the twin aims of safeguarding the financial system against illicit use and combating rogue nations, terrorist facilitators, money launderers, drug kingpins, and other national security threats. TFI also brings together Treasury's intelligence, regulatory, law enforcement, sanctions, and policy components. TFI allows Treasury: (1) to better develop and target their intelligence analysis and financial data to detect how terrorists are exploiting financial systems and to design methods to stop them and their financial infrastructure; (2) to better coordinate aggressive law, sanctions and regulatory enforcement programs, while working with other components of the government and the private sector; (3) to continue to develop a strong international coalition required to combat terrorist financing, in part by facilitating the development and exchange of financial information that supports their requests for collaborative action; and (4) to ensure accountability, thus helping to achieve better results.
	Office of Terrorist Financing, TFI, Treasury Department	TFI develops, organizes, and implements USG strategies to combat terrorist financing and financial crime, both internationally and domestically. Is the policy and outreach apparatus for the Treasury Department on the issues of terrorist financing, money laundering, financial crime, and sanctions. Provides increased coordination with other elements of the US Government, including law enforcement and regulatory agencies. Domestically, the office is charged with continuing to develop and implement the USG's national money laundering strategy as well as other policies and programs. Serves as a primary outreach body to the private sector and other stakeholders.
	The Office of Terrorist Finance and Financial Crime (TFFC), Office of Terrorist Financing, TFI, Treasury Department	TFFC, formerly the Executive Office of Terrorist Finance and Financial Crime (EOTF/FC), was created in March 2003 and assumed the main functions of the former Office of Enforcement. TFFC became part of TFI under the Office of Terrorist Financing in August 2004. The office is charged with coordinating Treasury Department's efforts to combat terrorist financing both in the U.S. and abroad. Participates in U.S. interagency assessments of countries' counter-terrorism financing and anti-money laundering capabilities. Provides technical advice and practical guidance on how the international anti-money laundering and counterterrorist financing standards should be adopted and implemented. Develops U.S. strategies and policies to deter terrorist financing, domestically and internationally; develops and implements the National Money Laundering Strategy as well as other policies and programs to prevent financial crimes.

	Office of Intelligence and Analysis (OIA), TFI, Treasury Department	The overall purpose of OIA is to ensure that the Treasury Department properly analyzes relevant intelligence - adding their own unique expertise and capabilities - to create actionable financial intelligence that Treasury and the rest of the USG can use effectively. Priorities include identifying and attacking the financial infrastructure of terrorist groups; assisting in efforts to identify and address vulnerabilities that may be exploited by terrorists and criminals in domestic and international financial systems; and promoting stronger relationships with our partners in the U.S. and around the world.
	Office of Foreign Asset Control (OFAC), TFI, Treasury Department	OFAC acts under Presidential wartime and national emergency powers, as well as under authority granted by specific legislation to administer and enforce economic and trade sanctions based on U.S. foreign policy and national security goals against: (1) targeted foreign countries; (2) Foreign Terrorist Organizations (FTOs); (3) terrorists; (4) international narcotics traffickers, and (5) those engaged in activities related to the proliferation of weapons of mass destruction (WMD). In administering and enforcing its economic sanctions programs, OFAC focuses on: (1) assisting U.S. persons in complying with the sanctions prohibitions through its compliance and licensing efforts; (2) penalizing U.S. persons violating the prohibitions; (3) working with other USG agencies, including law enforcement; and (4) coordinating and working with other nations to implement similar strategies. Since 1995, OFAC has administered three sanctions programs targeting international terrorists and terrorist organizations. OFAC also administers five sanctions programs relating to terrorism-supporting governments and regimes.
	Financial Crimes Enforcement Network (FinCEN), TFI, Treasury Department	FinCEN was created in 1990 to maximize information sharing among law enforcement agencies and its other partners in the regulatory and financial communities. FinCEN works to safeguard the financial system from the abuse of federal crime, including terrorist financing, money laundering, and other illicit activities. FinCEN achieves this mission through its fulfillment of four essential roles: (1) administering the BSA; (2) supporting law enforcement, intelligence, and regulatory agencies through sharing and analysis of financial intelligence; (3) building global cooperation with counterpart financial intelligence units and (4) networking people, ideas and information. FinCEN provides financial intelligence training and technical assistance to a broad range of government officials, financial regulators, law enforcement officers, and others abroad with a focus on the creation and improvement of financial intelligence units. FinCEN partners with other governments and international entities to coordinate training and participates in the assessments of foreign governments' financial intelligence capabilities.
	The Treasury Executive Office for Asset Forfeiture and Treasury Forfeiture Fund (TEOAF), TFI, Treasury Department	TEOAF administers the Treasury Forfeiture Fund (TFF). The TFF was established in 1992 as the successor to what was then the Customs Forfeiture Fund. It is the receipt account for the deposit of non-tax forfeitures made by the following Member Agencies: (1) Internal Revenue Service Criminal Investigation Division (IRS-CI), U.S. Treasury Department; (2) U.S. Immigration and Customs Enforcement (U.S. ICE), Department of Homeland Security (DHS); (3) U.S. Customs and Border Protection (U.S. CBP), DHS; (4) U.S. Secret Service (USSS), DHS; and (5) U.S. Coast Guard, DHS.
	Internal Revenue Service (IRS), Treasury Department	Assists with terrorist finance criminal cases within the U.S. with an emphasis on charitable organizations.

	IRS-Criminal Investigation (IRS-CI), IRS, Treasury Department	The IRS-CI Division specializes in analyzing complex financial information and determining whether that information is in violation of tax laws, money laundering laws, and the BSA. In addition, IRS-CI is heavily involved with the Joint Terrorism Task Force (JTTF), Operation Green Quest and similar partnerships focused on disrupting and dismantling terrorist financing. In particular, IRS-CI is focused on preventing the abuse of charities by those who support terrorism. The IRS-CI maintains a direct reporting relationship to the Office of Terrorist Financing.
	IRS Tax Exempt and Government Entities, IRS, Treasury Department	Administers the eligibility requirements and other IRS tax law that apply to charitable and other organizations that claim exemption from federal income tax.
	Office of Technical Assistance / Enforcement Policy and Administration Program, Treasury Department	Provides a range of training and technical assistance including intermittent and long-term resident advisors to senior-level representatives in various ministries and central banks on a range of areas including financial reforms related to money laundering and terrorist financing. Conducts and participates in assessments of foreign government anti-money laundering regimes for the purpose of developing technical assistance plans.
	Office of International Affairs, Treasury Department	The Office of International Affairs works bilaterally and multilaterally to build and maintain the international coalition against terrorist finances along with other federal agencies, including the DOS, DOJ, FBI, and the intelligence community.
	Liaison Officer (LNO), Geographic Combatant Commanders (GCCs), Department of Defense	Treasury LNOs: (1) identify and propose joint GCC Treasury initiatives; (2) provide "Area of Responsibility" (AOR) perspective to OFAC and OIA in response to taskings for the development of administrative records for designation of target support networks; (3) communicate theater strategy, plans, initiatives, and analytical findings to Treasury; and (4) provides technical and policy expertise to GCCs, staff, and components on Treasury's authorities, programs and initiatives that relate to GCC objectives within its AOR.
	Financial Attachés, Office of International Affairs, Treasury Department	Develop extensive contacts with foreign finance ministries, foreign regulatory authorities, central banks and financial market participants. Financial Attachés explain new U.S. policies to their foreign counterparts. They also collect, report, interpret, and forecast macroeconomic and financial developments and policies in their assigned countries.
Department of State (DOS)		The DOS is the lead agency for USG efforts to combat terrorism overseas. Within the department, multiple bureaus and offices manage various programs and activities to combat terrorism abroad. DOS also works with other USG agencies, foreign government agencies, and international organizations in carrying out its counterterrorism programs and activities. As the lead foreign affairs agency, the DOS serves as the statutorily-appointed coordinator and overall clearinghouse for the wide span of counterterrorism activities conducted overseas by the USG. In addition, the Departments of State, Treasury, and Justice work with other countries on a bilateral and multilateral basis to identify and freeze terrorist assets. Offices from other IA's lend their expertise on a bilateral and multilateral basis to provide technical assistance and training to countries to help them meet international standards to combat terrorist financing.

	The Office of the Coordinator for Counterterrorism (S/CT), DOS	In conjunction with International Narcotics and Law Enforcement Affairs, S/CT has the lead in coordinating capacity building to combat terrorist financing in other countries. With the concurrence of the Departments of Justice and Treasury, designates foreign terrorist organizations, individuals, and groups for a variety of purposes, including blocking terrorism-related financing. S/CT also: (1) coordinates and funds U.S. training and technical assistance provided by other U.S. agencies to develop or enhance the capacity of a selected countries; (2) manages or provides funding for other counter-terrorism financing programs for DOS, other IA, ILEAs, international entities, and regional bodies; (3) leads the U.S. IA assessments of foreign government vulnerabilities; (4) coordinates U.S. counterterrorism policy and efforts with foreign governments to deter terrorist financing; (5) provides funds and policy guidance to the Office of Antiterrorism Assistance Program and determines which countries are authorized to participate in the program; and (6) publishes an unclassified report called Patterns of Global Terrorism.
	Counterterrorism Finance Unit (CT Finance Unit), S/CT, DOS	CT Finance implements significant parts of the U.S. strategy to cut off financial support to terrorists. The CT Finance Unit coordinates the delivery of technical assistance and training to governments around the world that seek to improve their ability to investigate, identify, and interdict the flow of money to terrorist groups. The CT Finance Unit, along with the Bureau of International Narcotics and Law Enforcement, funds and coordinates IA training and technical assistance in the five basic components of a comprehensive counter terrorist financing/anti-money laundering regime: (1) legal frameworks; (2) financial regulatory systems; (3) financial intelligence units; (4) law enforcement; and (5) judicial/prosecutorial development. The CT Finance Unit also works with: (1) the Office of Terrorist Finance and Economic Sanctions Policy, DOS to foster a coordinated USG response to terrorist financing; (2) the White House; (3) OFAC and (4) Financial Action Task Force (FATF), and other international organizations and foreign governments to disrupt terrorist finances.
	Bureau of International Narcotics and Law Enforcement Affairs (INL), DOS	INL has primary responsibility within DOS for international anti-crime issues, including programs to combat money laundering and other financial crimes. In conjunction with S/CT it has the lead in coordinating capacity building to combat terrorist financing in other countries. INL provides funding to the DOJ and Treasury, to assist in the training and assistance of foreign governments to strengthen their financial and regulatory regimes to reduce terrorist financing. These programs are aimed at providing front-line states with technical assistance in drafting anti-terrorist financing legislation, and training for bank regulators, investigators, and prosecutors to identify and combat financial crime, particularly terrorist financing.
	Office of Antiterrorism Assistance Program (ATA), Bureau of Diplomatic Security (DS), DOS	ATA strategy involves applying all aspects of national power in conjunction with U.S. partners and allies to target terrorists' leadership and sanctuaries and to address the conditions terrorists seek to exploit. Since 1983, ATA has provided a key tool for providing partner countries the training, equipment, and technology they need to improve their ability to contribute effectively to these aims by deterring or capturing and prosecuting terrorists and their supporters.

	Diplomatic Security Antiterrorism Assistance Programs, ATA, DS, DOS	The program is run by the ATA, DS and provides law enforcement training for foreign counterparts and, through International Law Enforcement Agencies (ILEAs), to develops the skills necessary to combat terrorism, to include: (1) protecting national borders; (2) protecting critical infrastructure; (3) protecting the national leadership; (3) responding to and resolving terrorist incidents; (4) investigating and prosecuting those responsible for terrorist acts; (5) responding to WMD attacks; (6) managing kidnapping for ransom crimes; and (7) responding to terrorist incidents resulting in mass casualties or fatalities. The program provides a wide range of courses to strengthen the capacities of recipient countries. The training includes traditional courses such as hostage negotiations, bomb detection, and airport security. In recent years however, ATA has developed new courses for countering terrorism financing and defeating cyber-terrorism. It also has provided a series of seven seminars to help other countries strengthen their counterterrorism legislation.
	The Overseas Security Advisory Council (OSAC), DOS	OSAC is a Federal Advisory Committee with a USG Charter to promote security cooperation between American business and private sector interests worldwide and the DOS. OSAC helps over 2,800 businesses, universities, religious groups, and nongovernmental organizations cope with security threats by sharing information on crime and terrorism and by providing insight into political, economic, social, and cultural climates around the globe. The objectives of the Council as outlined in the Charter are: (1) to establish continuing liaison and to provide for operational security cooperation between DOS security functions and the private sector; (2) to provide for regular and timely interchange of information between the private sector and the DOS concerning developments in the overseas security environment; (3) to recommend methods and provide material for coordinating security planning and implementation of security programs; and (4) to recommend methods to protect the competitiveness of American businesses operating worldwide.
	Bureau of Economic Energy, and Business Affairs (EEB), DOS	Maintains the leadership role in the IA effort to combat terrorist financing. Formulates and carries out U.S. foreign economic policy, integrating U.S. economic interests with foreign policy goals so that U.S. firms and investors can compete on an equal basis with their counterparts overseas. In addition, EEB: (1) coordinates terrorist financing policy and coalition building on terrorist financing, including related to UN sanctions under Resolution 1267; and (2) chairs the Coalition Building meetings, which supports U.S. Government efforts to develop strategies and activities to obtain international cooperation.

	The Office of Terrorism Finance and Economic Sanctions Policy (TFS), EEB, DOS	Is responsible for leading the effort to build international coalition support to block terrorist assets. Coordinates policy implementation at the working level, largely through the network of Terrorism Finance Coordinating Officers located at embassies worldwide as directed by the Energy, Sanctions, and Commodities (ESC). In conjunction with other bureaus and agencies, coordinates efforts to build international support for efforts against terrorist finance. In addition, TFS work through U.S. missions around the world to: (1) encourage countries to take actions to freeze terrorist assets when found; (2) develop new initiatives to strengthen international cooperation against terrorist finance; and (3) support efforts to provide technical assistance to foreign governments working against terrorist finance. TFS coordinates efforts to: (1) create, modify, or terminate unilateral sanctions regimes as appropriate to the changing international situation, such as Iraq and Libya; (2) develop strategies for implementation of specific aspects of sanctions regimes; and (3) provide foreign policy guidance on specific commercial business, export, import, and general licensing issues to the Treasury Department's Office of Foreign Assets Control and the Commerce Department's Bureau of Industry and Security.
	Embassies, DOS	Embassies and consulates play a critical role in the fight against terrorism by serving as direct conduits to the governments of other nations. Embassies facilitate the USG's efforts to disrupt terrorist networks and to apprehend terrorist individuals. The ambassador, his or her deputy, and other members of the country team, including representatives from other agencies, all play instrumental roles in developing and maintaining good working relations with the host country and pursuing U.S. counterterrorism objectives.
	Terrorism Finance Coordinating Officer, Embassy, DOS	Facilitates the efforts to disrupt terrorist networks and to apprehend terrorist. Each embassy has identified a Terrorism Finance Coordination Officer to lead the effort of working with the host governments to detect, disrupt, and deter terrorist financing.
	Bureau of International Organization Affairs (IO), DOS	Develops and implements U.S. counterterrorism policy in the UN and other international organizations, serving as DOS primary liaison.
	Bureau of Intelligence and Research (INR), DOS	The INR, drawing on all-source intelligence, provides value-added independent analysis of events to DOS policymakers, ensures that intelligence activities support foreign policy and national security purposes; and serves as the focal point in the DOS for ensuring policy review of sensitive counterintelligence and law enforcement activities. INR's primary mission is to harness intelligence to serve U.S. diplomacy. The bureau also analyzes geographical and international boundary issues.
Department of Justice (DOJ)		Has the lead responsibility for the prosecution and investigation of terrorism and terrorist financing offenses under 18 U.S.C. § 2332b (f). DOJ is the lead agency for law enforcement and criminal matters related to terrorism overseas and domestically. Within the department, multiple bureaus and offices manage various programs and activities to combat terrorism abroad. The DOJ also works with other USG agencies, foreign government law enforcement organizations and agencies, and multinational organizations in carrying out these programs and activities.
	Bureau of Alcohol, Tobacco, Firearms, and Explosives (ATF), DOJ	Participates in investigations of terrorist financing cases involving alcohol, tobacco, firearms, and explosives.
	Drug Enforcement Administration (DEA), DOJ	Participates in investigations of terrorist financing cases involving narcotics and other illicit drugs.



	Asset Forfeiture and Money Laundering Section (AFMLS), DOJ	Assists in the drafting of money laundering, terrorist financing, and asset forfeiture legislation compliant with international standards for international and regional bodies and foreign governments. Provides legal training and technical assistance to foreign prosecutors and judges, in conjunction with Justice's Office of Overseas Prosecutorial Development, Training and Assistance. Sponsors conferences and seminars on transnational financial crimes such as forfeiting the proceeds of corruption, human trafficking, counterfeiting, and terrorism. Participates in U.S. interagency (IA) assessments of countries' capacity to block, seize, and forfeit terrorist and other criminal assets. AFMLS designs and, with its staff and the assistance of the U.S. Attorneys around the nation, delivers both training and technical assistance, particularly with respect to the threat of money laundering and asset forfeiture issues.
	Criminal Division, Deputy Assistant Attorney General, DOJ	Is responsible for the design, implementation, and support of law enforcement efforts to combat international terrorism, including legislative initiatives and policies. This includes investigating and prosecuting suspected terrorists for acts of terrorism against U.S. interests worldwide. Develops, coordinates, and prosecutes terrorist financing cases; participates in financial analysis and develops relevant financial tools; promotes international efforts and delivers training to other nations.
	National Security Division (NSD), DOJ	The core mission of NSD is to coordinate DOS efforts to combat terrorism and protect national security. NSD is responsible for assisting the Attorney General and other senior Department and Executive Branch officials in ensuring that the national security-related activities of the U.S. are consistent with relevant law; overseeing terrorism investigations and prosecutions; and handling counterespionage cases and matters.
	Counter Terrorism Section (CTS), National Security Division, Deputy Assistant Attorney General, DOJ	Coordinates with headquarter offices of USG agencies including: Treasury Department, DOS, Intelligence agencies, DHS, and the FBI to facilitate prevention of terrorist activity through daily detection and analysis to provide information and support to the field. Provides: (1) investigative and prosecutorial training and technical assistance to foreign investigators, prosecutors, and judges in conjunction with the Office of Overseas Prosecutorial Development, Training, and Assistance and other DOJ components; (2) designs and, with its staff and the assistance of the U.S. Attorneys around the nation, delivers both training and technical assistance; and (3) investigates and prosecutes terrorist financing matters, including material support cases, through the Terrorist Financing Task Force.
	Terrorist Financing Unit (TFU), CTS, National Security Division, Deputy Assistant Attorney General, DOJ	The TFU is made up of white-collar prosecutors drawn from various Main Justice litigating components and U.S. Attorneys' Offices. Coordinates the terrorist financing enforcement efforts within Justice's National Security Division. The task force works with prosecutors around the country as well as with the FBI's Foreign Terrorist Tracking Task Force and Terrorist Financing Operation Section to disrupt groups and individuals representing terrorist threats. TFU works closely with the FBI's Terrorist Financing Operations Section (TFOS), which draws resources from numerous, federal law enforcement agencies and is devoted to the collection and analysis of information concerning terrorist financing.

	Federal Bureau of Investigation (FBI), DOJ	Leads all terrorist financing investigations and operations and has the primary responsibility for collecting foreign intelligence and counterintelligence information within the U.S. Provides basic and advanced law enforcement training to foreign governments on a bilateral and regional basis and through ILEAs and the FBI Academy in Quantico, Virginia. Developed a two-week terrorist financing course that was delivered and accepted as the USG's model. Participates in U.S. IA assessments of countries' law enforcement and counter-terrorism capabilities.
	National Security Branch (NSB), FBI, DOJ	The NSB structure took effect on September 12, 2005, in response to a directive from the President to the Attorney General. The NSB consists of the FBI's Counterterrorism Division (CTD), the Counterintelligence Division (CD), the Directorate of Intelligence (DI), and the new Weapons of Mass Destruction (WMD) Directorate.
	Counterterrorism Division (CTD), NSB, FBI, DOJ	Is the principal investigative agency of the federal government, it serves as lead agency for international counterterrorism investigations. The mission of the CTD is to identify and disrupt potential terrorist plots by individuals or terror cells; to freeze terrorist finances; to share information with law enforcement and intelligence partners worldwide; and to provide strategic and operational threat analysis to the wider intelligence community. The FBI has extraterritorial jurisdiction to expand its investigative authority outside U.S. borders. Its investigations include incidents involving bombings, hostage taking, homicides of U.S. citizens overseas, sabotage, and extortion by threatening the use of WMD.
	Terrorist Financing Operations Section (TFOS), Counter Terrorism Division, NSB, FBI, DOJ	TFOS is both an operational and coordinating entity with proactive and reactive responsibilities. As a coordinating entity, TFOS is responsible for ensuring that a unified approach is pursued in investigating terrorist financing networks by: (1) coordinating the financial aspects of FBI Field Office and Legal terrorism investigations; (2) establishing overall initiatives, policy and guidance on terrorist financing matters; (3) participating in the Sub-CSG on Terrorist Financing; (4) coordinating national liaison with the financial services sector; (5) cooperating in and coordinating criminal terrorist financing investigations with the DOJ; and (6) providing support and training to Field Offices, to include the designated Terrorism Financing Coordinator (TFC). According to the FBI, TFOS brings financial expertise to bear in identifying terrorist financing methods and movement of money into and out of the U.S. in support of terrorist activity. To help prevent terrorist attacks, TFOS developed a centralized terrorist financial database to identify potential terrorist-related activity in the U.S. and abroad.
	National Joint Terrorism Task Force (NJTTF), Counter Terrorism Division, NSB, FBI, DOJ	In July 2002, the FBI formally created the NJTTF to act as a liaison and conduit for information on threats and leads from FBI Headquarters to the local JTTFs and to 40 participating agencies. NJTTF serves as the national coordinating mechanism for sharing information on suspected terrorists, including those of foreign origin. Also, it complements the local Joint Terrorism Task Forces by improving collaboration and information sharing with other federal, state, tribal, and local agencies. The task force operates out of the FBI's Strategic Information Operation Center in Washington, D.C.
	Foreign Terrorist Tracking Task Force (FTTTF), FBI, DOJ	The FTTTF was established to ensure that federal agencies, including the FBI, INS, Customs Service and others, coordinate their efforts to bar from the U.S. all aliens who meet any of the following criteria: (1) aliens who are representatives, members, or supporters of terrorist organizations; (2) aliens who are suspected of engaging in terrorist activity; or (3) aliens who provide material support to terrorist activity. Federal agencies coordinate programs to accomplish the following: (1) deny entry into the U.S. of aliens



		associated with, suspected of being engaged in, or supporting terrorist activity; and (2) locate, detain, prosecute, or deport any such aliens already present in the U.S.
	Joint Terrorism Task Forces (JTTFs), Field Offices, FBI, DOJ	JTTFs were established in the 1980's and grew significantly after 9/11. The JTTFs serve three main purposes: (1) prevent terrorist attacks; (2) respond to and investigate terrorist incidents or terrorist-related activity, including terrorist financing and (3) identify and investigate domestic and foreign terrorist groups and individuals targeting or operating within the U.S. JTTFs team up police officers, FBI agents, and officials from over 20 federal law enforcement agencies to investigate terrorism cases. The FBI has increased multi-agency JTTFs from 35 to 101 since 2001 and has increased the number of agents and law enforcement personnel serving on JTTFs from under 1,000 to nearly 4,000. In 2002, the FBI created a national JTTF in Washington, D.C., to collect terrorism information and intelligence and funnel it to the field JTTFs, various terrorism units within the FBI, and partner agencies. Serves as the operational arm of the Anti-Terrorism Task Forces (ATTFs).
	Anti-Terrorism Advisory Council, U.S. Attorney District Offices, DOJ	Integrates and coordinates the anti-terrorism activities in each of the judicial districts within the U.S. The task forces are comprised of federal prosecutors from the U.S. Attorneys Office, members of federal law enforcement agencies, and the primary state and local enforcement officials in each district. They serve as part of a national network that coordinates closely with the JTTF in the collection, analysis, and dissemination of information. The ATTF also developed the U.S. investigative and prosecution strategy throughout the country.
	Office of Overseas Prosecutorial Development, Training and Assistance (OPDAT), DOJ	Provides targeted legal and prosecutorial training and technical assistance for criminal justice sector counterparts abroad and through ILEAs in drafting anti-money laundering and counter-terrorism financing statutes. Provides Resident Legal Advisors to focus on developing counter-terrorism legislation that criminalizes terrorist financing and achieves other objectives. Conducts regional conferences on terrorist financing, including a focus on charitable organizations. Participates in U.S. interagency assessments to determine countries' criminal justice system capabilities. Since 2002, the Department has provided assistance in anti-terrorism financing and anti-money laundering legislation drafts for 138 countries.
	U.S. National Central Bureau of the International Criminal Police Organization (INTERPOL), DOJ	Represents the U.S. as a member of INTERPOL. It facilitates international law enforcement cooperation by transmitting law enforcement-related information between the National Central Bureaus of INTERPOL, member countries, and U.S. law enforcement agencies. It also coordinates information relevant to international investigations and identifies patterns and trends in criminal activities.
Department of Homeland Security (DHS)		The DHS is primarily focused on combating terrorism within the U.S. Within the department, multiple bureaus, offices, and agencies manage various programs and activities to combat terrorism primarily through the Bureau of Immigration and Customs Enforcement and the U.S. Secret Service. However, for selected overseas activities, it supports the DOS. DHS also works with other USG agencies, foreign government organizations and agencies, and international organizations in carrying out counterterrorism programs and activities.

	Bureau of Immigration and Customs Enforcement (ICE), DHS	ICE has a mission to target current terrorist funding sources and identify possible future sources. The bureau has a multi-agency entity called Operation Green Quest to bring together federal agency expertise across departments and bureaus to identify systems, individuals, and organizations that serve as sources of terrorist funding. ICE provides law and border enforcement training and technical assistance to foreign governments in conjunction with other U.S. law enforcement agencies (LEAs) and the ILEAs. ICE also participates in assessments of foreign countries in the law and border enforcement arena. ICE has a long history of collecting, analyzing and utilizing BSA data in criminal investigations. ICE uses Currency Transaction Report (CTRs) data as a valuable analytic tool for detecting illegal activity, developing leads, and furthering investigations.
	Trade Transparency Unit (TTU), ICE, DHS	The TTU and Money Laundering Coordination Center (MLCC) provide the analytical infrastructure to support financial and trade investigations. The TTU develops investigative leads from analysis through Data Analysis & Research for Trade Transparency System (DARTTS) and facilitates the dissemination of investigative referrals to field entities. The TTU provides the capability to identify and analyze complex trade-based money laundering systems, such as the estimated 5 billion U.S. Dollars (USDs) per year drug money laundering scheme known as the Black Market Peso Exchange (BMPE).
	Financial Operations Unit (Financial Operations) ICE, DHS	Financial Operations provides programmatic support and line authority to ICE Financial field components targeting money-laundering activities. Financial Operations provides ICE's input for the development and utilization of the National Money Laundering Strategy as a foundation to target transnational money laundering activity. Financial Operations also closely coordinates with other law enforcement entities such as FinCEN to assist in processing field requests, including BSA data, USA Patriot Act 314(a) requests for bank account information, and registration data pertaining to money service businesses (MSBs).
	U.S. Secret Service, DHS	The U.S. Secret Service is responsible for enforcement of laws relating to U.S. securities and financial crimes. Its efforts to combat terrorist financing rest primarily on the investigation of counterfeiting of currency and securities.
	Bureau of Customs and Border Protection, DHS	Detects movement of bulk cash across U.S. borders and maintains data about movement of commodities into and out of the U.S.
Department of Defense (DoD)		The Secretary of Defense is responsible for supporting (1) the lead federal agency, the DOS, in responding to a terrorist incident overseas; (2) the DOJ (through the FBI) for crisis management of a domestic terrorist incident; and (3) the Federal Emergency Management Agency (FEMA) for consequence management of a domestic terrorist incident. The DoD has work underway to support efforts in the area of threat finance. While terrorist financing focuses on organizations, cells, and individuals directly linked to terrorism, threat financing is a broader-based concept and includes: (1) WMD funding, (2) terrorist financing, (3) narcotics-trafficking, (4) organized crime, and (5) human trafficking. The DoD has stated that following the money (in all forms) is a key element to mapping the network and understanding relationships between nodes and a key enabler for achieving DoD objectives. The DoD views the Treasury Department as the lead agency for terrorist finances.

	U.S. Special Operations Command (USSOCOM), DoD	USSOCOM has been designated the executive agent for the DoD Global War on Terrorism Campaign. USSOCOM synchronizes the counterterrorism plans of the five geographic military commands as components of a global campaign.
	USSOCOM Threat Finance Exploitation Branch, USSOCOM, DoD	Was established to coordinate and integrate military operations with IA activities to reduce threats to the U.S. and U.S. interests abroad by synchronizing joint DoD, IA, and coalition intelligence collection and analysis activities that lead to detection, identification, targeting, disruption, or destruction of terrorist financial support systems and networks. They serve as the DoD focal point for terrorist exploitation among the USG.
	Geographic Combatant Commands (GCC) - Threat Financing Exploitation Units (TFEUs), GCC, DoD	Currently, U.S. Central Command (USCENTCOM), U.S. European Command (USEUCOM), U.S. Northern Command (USNORTHCOM), U.S. Pacific Command (USPACOM), and U.S. Southern Command (USSOUTHCOM) are the operating TFEUs which work with DoD and non-DoD intelligence, law enforcement and regulatory agencies to: (1) detect financial support networks; (2) collect, process and analyze information; and (3) target, disrupt, or destroy financial systems and networks which support activities that threaten U.S. interests. Not all the GCCs call their TF Exploitation entity a TFEU. For instance USSOCOM calls its entity a TF Exploitation Branch, but each GCC has an entity that analyzes and exploits financial intelligence. Each of the TF Exploitation entities has a somewhat different focus that is based on their region. For example, USSOUTHCOM is more focused on the narcotics trafficking portion of TF, whereas USCENTCOM is focused more on the terrorists and insurgents. Each of the TF Exploitation entities are resourced, manned, and utilized to varying degrees based on the emphasis that is placed on their importance by the GCC, and not all TF Exploitation entities operate at the same level of proficiency.
	Defense Intelligence Agency (DIA), DoD	DIA is a DoD combat support agency and an important member of the United States Intelligence Community. DIA is a major producer and manager of foreign military intelligence and provides military intelligence to war fighters, defense policymakers and force planners, in the DoD and the Intelligence Community, in support of U.S. military planning and operations and weapon systems acquisition.
	Joint Intelligence Task Force-Combating Terrorism (JITF-CT), DIA, DoD	Provides enhanced analysis and production to support worldwide efforts to counter terrorism. JITF-CT analysts produced daily assessments of possible terrorist threats to DoD personnel, facilities, and interests. In addition, the Defense Intelligence Analysis Program (DIAP) mandated the responsibility of threat finance analysis be given to JITF-CT.
Office of the Director of National Intelligence Agency (ODNI)		The ODNI was established in December 2004 through the Intelligence Reform and Terrorism Prevention Act of 2004. The Director of National Intelligence (DNI), who must be confirmed by the U.S. Senate, does not serve as the head of any individual element within the U.S. intelligence community, but establishes objectives and priorities for the intelligence community and manages and directs tasking of collection, analysis, production, and dissemination of national intelligence.

	Central Intelligence Agency (CIA), ODNI	The Director of the CIA serves as the head of the CIA and reports to the DNI. To accomplish its mission, the CIA engages in research, development, and deployment of high-leverage technology for intelligence purposes. As a separate agency, the CIA serves as an independent source of analysis on topics of concern and works closely with the other organizations in the Intelligence Community (IC) to ensure that the intelligence consumer, whether Washington policymaker or battlefield commander, receives the best intelligence possible.
Interagency	Center/Groups/LEA	Description of Effort
CIA, DOJ, FBI, DoD, DHS, DOS, Treasury Department, Department of Agriculture, Department of Energy, Department of Health and Human Services, National Geospatial-Intelligence Agency, Nuclear Regulatory Commission and US Capitol Police	National Counterterrorism Center (NCTC), ODNI	NCTC, formally The Terrorist Threat Integration Center (TTIC), is staffed by personnel from across the USG and serves as the primary organization in the USG for integrating and analyzing all intelligence pertaining to terrorism and counterterrorism (CT) and conducting strategic operational planning by integrating all instruments of national power. In December 2004, Congress codified the NCTC in the Intelligence Reform and Terrorism Prevention Act (IRTPA) and placed the NCTC in the Office of the ODNI. The NCTC is a multi-agency organization dedicated to eliminating the terrorist threat to US interests at home and abroad. NCTC is charged with ensuring that agencies, as appropriate, have access to and receive all-source intelligence necessary to execute their counterterrorism plans and perform independent, alternative analysis. The NCTC was designed to serve as a central knowledge bank for information about known and suspected terrorists and to coordinate and monitor CT plans and activities of all the government agencies. The Center is also responsible for preparing the daily terrorism threat report for the President.
DOS, Treasury Department, DOJ, DHS. Other participants include NSC, CIA, Federal Deposit Insurance Corporation and the Federal Reserve	Terrorist Finance Working Group (TFWG)	TFWG is co-chaired by S/CT and INL. It meets biweekly to receive intelligence briefings, schedule assessment trips, review assessment reports, and discuss the development and implementation of technical assistance and training programs. TFWG leads the Program Development Process, which, with input from the intelligence and law enforcement communities, DOS, Treasury, and DOJ: (1) identifies and prioritize countries needing the most assistance to deal with terrorist financing; (2) evaluates priority countries' counter-terrorism finance and anti-money laundering regimes; (3) prepares a formal assessment report on vulnerabilities to terrorist financing and makes recommendations for training and technical assistance to address these weaknesses; (4) develops a counter-terrorism financing training implementation plan based on FSAT recommendations; (5) provides sequenced training and technical assistance to priority countries in-country, regionally, or in the U.S.; and (6) encourages burden sharing: (1) with U.S. allies; (2) with international financial institutions, such as: (a) IMF, (b) World Bank, and (c) regional development banks; and (3) through international organizations such as: (a) the UN, (b) the UN CT Committee, (c) FATF on Money Laundering, and (d) the Group of Eight (G-8) to capitalize on and maximize international efforts to strengthen counterterrorism finance efforts.
DOS, DOJ, and Treasury Department	Financial Systems Assessment Team (FSAT)	DOS has the lead for FSAT teams. FSAT teams of 6-8 members include technical experts from State, Treasury, Justice, and other regulatory and law enforcement agencies and evaluate priority countries' counter-terrorism finance and anti-money laundering regimes. The FSAT onsite visits take about one week and include in-depth meetings with host government financial regulatory agencies, the judiciary, law enforcement agencies, the private financial services sector, and nongovernmental organizations.

CIA, DOJ, FBI, DoD, DHS, DOS, Treasury Department	Terrorism Financial Review Group (TFRG)	The mission of the TFRG has evolved into a broad effort to identify, investigate, prosecute, disrupt, and dismantle all terrorist-related financial and fundraising activities. The TFRG has taken a leadership role in coordinating the comprehensive financial investigative effort. To accomplish this mission, it has implemented initiatives to address all aspects of terrorist financing. The TFRG: (1) conducts full financial analyses of terrorist suspects and their global financial support structures; (2) coordinates liaison and outreach efforts to exploit financial resources of private, government and foreign entities; (3) uses FBI and Legal expertise and relationships to develop financial information from foreign law enforcement and private agencies; (4) works jointly with the law enforcement, regulatory, and ICs; (5) develops predictive models and mines data to proactively identify terrorist suspects; and (6) provides the financial component to classified CT investigations in support of the FBI's CT responsibilities.
DOS, DOJ, DHS, and Treasury Department	Multiple, International Law Enforcement Academies	International Law Enforcement Academies are regional academies led by U.S. agencies partnering with foreign governments to provide law enforcement training, including anti-money laundering and counter-terrorism financing. International Law Enforcement Academies in Gaborone, Botswana; Bangkok, Thailand; Budapest, Hungary; and Roswell, New Mexico, train over 2,300 participants annually on topics such as criminal investigations, international banking and money laundering, drug-trafficking, human smuggling, and cyber-crime.

Table 1: U.S. Organizations and Efforts to Disrupt Terrorist Financing<sup>198</sup>

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<sup>198</sup> Table adapted by author from the “Terrorist Financing: Better Strategic Planning Needed to Coordinate U.S. Efforts to Deliver Counter-Terrorism Financing Training and Technical Assistance Abroad: GAO-06-19,” 2005, GAO Reports 1, 39-43.

## **APPENDIX B: SST, FTOs, SDGTs, TEL and SDN**

The U.S. uses a variety of designations and lists to help facilitate its efforts against terrorist organizations both at home and abroad; the five most commonly referred to include: (1) State Sponsors of Terror (SST), (2) Foreign Terrorist Organizations (FTOs), (3) Specially Designated Global Terrorists (SDGTs), (4) Terrorist Exclusion List (TEL), and (5) Specially Designated Nationals and Blocked Persons (SDN).

State Sponsors of Terror (SST) are determined by the Secretary of State to have repeatedly provided support for acts of international terrorism and are designated pursuant to three laws: (1) section (§) 6(j) of the Export Administration Act; (2) § 40 of the Arms Export Control Act; and (3) § 620A of the Foreign Assistance Act.<sup>199</sup> Designation under the above-referenced authorities also implicates additional sanction laws that penalize persons and countries engaging in certain trade with state sponsors. The four main categories of sanctions resulting from designation under these authorities include: (1) restrictions on U.S. foreign assistance; (2) a ban on defense exports and sales; (3) certain controls over exports of dual use items; and (4) miscellaneous financial and other restrictions.<sup>200</sup> The State Department's current list contains five SSTs, including: (1) Syria, (2) Cuba, (3) Iran, (4) North Korea, and (5) Sudan as of February 26, 2007.<sup>201</sup>

Foreign Terrorist Organizations (FTOs) are foreign organizations that are designated by the Secretary of State in accordance with § 219 of the Immigration and Nationality Act (INA). The DOS list of FTOs began in 1997 as a method of tracking down and striking back against specific terrorist groups around the world. FTOs are designated based on a demonstrated

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<sup>199</sup> See Appendix B.

<sup>200</sup> Government Accounting Office, "Combating Terrorism: Interagency Framework and Agency Programs to Address the Overseas Threat," GAO-03-165, 2003, 146-147.

<sup>201</sup> US Department of State, "State Sponsors of Terrorism," 2007. Available from <http://www.state.gov/s/ct/c14151.htm>. Internet. Accessed on 26 February 2007.

capability and/or willingness to engage in terrorist methods that threaten U.S. national security interests. These methods include attacks on U.S. nationals, and American national defense, military, diplomatic, and economic interests. The FTO list provides the USG with the legal authority to conduct prosecutions against U.S. citizens or against foreign nationals within the country for aiding: financially, ideologically or logistically any designated FTO.<sup>202</sup> FTO designation can also mean certain members or representatives of the designated terror group can be denied entry to the U.S. through visa rejection or other means. The U.S. also maintains the authority to compel U.S. financial institutions to freeze any assets linked to an FTO and to report them to the Treasury Department pursuant to Executive Order (EO) 13244. The State Departments current list contains the names of 42 designated FTOs as of February 26, 2007.<sup>203,204</sup>

Following the events of 9/11, the President created the Specially Designated Global Terrorists (SDGTs) list by invoking the same emergency authorities in Presidential EO 13224, to block all property and interests in property of certain designated terrorists and individuals and

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<sup>202</sup> Center for Defense Information, "Current List of Foreign Terrorist Organizations and Other Terrorist Organizations," Aug 12 2005, 1.

<sup>203</sup> The current designated FTOs are: Abu Nidal Organization (ANO), Abu Sayyaf Group (ASG), Al-Aqsa Martyrs Brigade, Ansar al-Islam, Armed Islamic Group (GIA), Asbat al-Ansar, Aum Shinrikyo, Basque Fatherland and Liberty (ETA), Communist Party of the Philippines/New People's Army (CPP/NPA), Continuity Irish Republican Army, Gama'a al-Islamiyya (Islamic Group), HAMAS (Islamic Resistance Movement), Harakat ul-Mujahidin (HUM), Hizballah (Party of God), Islamic Jihad Group, Islamic Movement of Uzbekistan (IMU), Jaish-e-Mohammed (JEM) (Army of Mohammed), Jemaah Islamiya organization (JI), Al-Jihad (Egyptian Islamic Jihad), Kahane Chai (Kach), Kongra-Gel (KGK, formerly Kurdistan Workers' Party, PKK, KADEK), Lashkar-e Tayyiba (LT) (Army of the Righteous), Lashkar i Jhangvi, Liberation Tigers of Tamil Eelam (LTTE), Libyan Islamic Fighting Group (LIFG), Moroccan Islamic Combatant Group (GICM), Mujahedin-e Khalq Organization (MEK), National Liberation Army (ELN), Palestine Liberation Front (PLF), Palestinian Islamic Jihad (PIJ), Popular Front for the Liberation of Palestine (PFLP), PFLP-General Command (PFLP-GC), Al-Qa'ida, Real IRA (RIRA), Revolutionary Armed Forces of Colombia (FARC), Revolutionary Nuclei (formerly ELA), Revolutionary Organization 17 November, Revolutionary People's Liberation Party/Front (DHKP/C), Salafist Group for Call and Combat (GSPC), Shining Path (Sendero Luminoso, SL), Tanzim Qa'idat al-Jihad fi Bilad al-Rafidayn (QJBR) (al-Qaida in Iraq) (formerly Jama'at al-Tawhid wa'al-Jihad, JTJ, al-Zarqawi Network), and United Self-Defense Forces of Colombia (AUC)

<sup>204</sup> US Department of State, "Foreign Terrorist Organizations," 2007. Available from <http://www.state.gov/s/ct/rls/fs/37191.htm>. Internet. Accessed on 26 February 2007. Authors note, at the time of publication DOS was in the final process of adding the Taliban as the 43<sup>rd</sup> FTO.

entities materially supporting them. All FTOs are also included on the SDGT list.<sup>205</sup> U.S.

Treasury Department's most current SDGT list the author could find contains 426 entries as of December 31, 2005; however, listing them in total exceeds the scope of this monograph.<sup>206</sup>

Section 411 of the USA Patriot Act of 2001 (8 U.S.C. § 1182) authorized the Secretary of State, in consultation with or upon the request of the Attorney General, to designate terrorist organizations for immigration purposes. This authority is known as the Terrorist Exclusion List (TEL) authority. A TEL designation bolsters homeland security efforts by facilitating the USG's ability to exclude aliens associated with entities on the TEL from entering the U.S. An organization can be placed on the TEL if the Secretary of State finds that the organization: (1) commits or incites to commit, under circumstances indicating an intention to cause death or serious bodily injury, a terrorist activity; (2) prepares or plans a terrorist activity; (3) gathers information on potential targets for terrorist activity; or (4) provides material support to further terrorist activity. The DOS's most current TEL the author could find contains 59 organizations as of December 29, 2004.<sup>207,208</sup>

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<sup>205</sup> Audrey Kurth Cronin, "The 'FTO List' and Congress: Sanctioning Designated Foreign Terrorist Organizations," October 21, 2003, 4.

<sup>206</sup> Office of Foreign Assets Control, "U.S. Department of the Treasury Terrorist Assets Report 2005," December 2005, 1-6.

<sup>207</sup> The current TEL names are: Afghan Support Committee, Al Taqwa Trade, Property and Industry Company Ltd., Al-Hamati Sweets Bakeries, Al-Ittihad al-Islami (AIAI), Al-Manar, Al-Ma'unah, Al-Nur Honey Center, Al-Rashid Trust, Al-Shifa Honey Press for Industry and Commerce, Al-Wafa al-Igatha al-Islamia, Alex Boncayao Brigade (ABB), Anarchist Faction for Overthrow, Army for the Liberation of Rwanda (ALIR), Asbat al-Ansar, Babbar Khalsa International, Bank, Al Taqwa Ltd., Black Star, Communist Party of Nepal (Maoist), Continuity Irish Republican Army (CIRA), Darkazanli Company, Dhamat Houmet Daawa Salafia, Eastern Turkistan Islamic Movement, First of October Antifascist Resistance Group (GRAPO), Harakat ul Jihad i Islami (HUJI), International Sikh Youth Federation, Islamic Army of Aden, Islamic Renewal and Reform Organization, Jamiat al-Ta'awun al-Islamiyya, Jamiat ul-Mujahideen (JUM), Japanese Red Army (JRA), Jaysh-e-Mohammed, Jayshullah, Jerusalem Warriors, Lashkar-e-Tayyiba (LET), Libyan Islamic Fighting Group, Loyalist Volunteer Force (LVF), Makhtab al-Khidmat, Moroccan Islamic Combatant Group, Nada Management Organization, New People's Army (NPA), Orange Volunteers (OV), People Against Gangsterism and Drugs (PAGAD), Red Brigades-Combatant Communist Party (BR-PCC), Red Hand Defenders (RHD), Revival of Islamic Heritage Society (Pakistan and Afghanistan offices—Kuwait office not designated), Revolutionary Proletarian Nucleus, Revolutionary United Front (RUF), Salafist Group for Preaching and Combat (GSPC), The Allied Democratic Forces (ADF), The Islamic International The Lord's Resistance Army (LRA), The



SST, FTO, SDGT and TEL were placed together with 10 other sanction programs on the Specially Designated Nationals and Blocked Persons (SDN) list which is maintained by OFAC.<sup>209</sup> Although the SST, FTO, and SDGT lists are maintained separately pursuant to their legislation, the SDN list presents all of the terrorist entities that are economically sanctioned in one place. OFAC's current SDN list is 257 pages long as of February 26, 2007; however, listing them in total exceeds the scope of this monograph. The list is accessible via the Internet and is frequently updated to reflect the fluid nature of U.S. economic sanctions.<sup>210</sup>

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Pentagon Gang, The Riyadus-Salikhin Reconnaissance and Sabotage Battalion of Chechen Martyrs, The Special Purpose Islamic Regiment, Tunisian Combat Group, Turkish Hizballah Ulster Defense Association, Ummah Tameer E-Nau (UTN), and Youssef M. Nada & Co. G.M.B.H.

<sup>208</sup> The Department of State, "Terrorist Exclusion List," 2004, 1. Available from <http://www.state.gov/s/ct/rls/fs/2004/32678.htm>. Internet. Accessed on 26 February 2007.

<sup>209</sup> Not all programs listed on the SDN list pertain to terrorists. It also includes individuals and organizations that are sanctioned by having their assets blocked for narcotics trafficking and other activities.

<sup>210</sup> A complete and up to date list is available from <http://www.treas.gov/offices/enforcement/ofac/sdn/>.

## APPENDIX C: U.S. Laws, Federal Regulations, and Federal Register Notices

United States	Type	Description of Laws, Federal Regulations, and Federal Register
	Laws	A binding custom or practice of a community: a rule of conduct or action prescribed or formally recognized as binding or enforced by a controlling authority. Implies imposition by a sovereign authority and the obligation of obedience on the part of all subject to that authority.
		<b>United Nations Participation Act (UNPA) of 1945:</b> Provides the basic authority for U.S. participation as a member of the United Nations Organization. In particular, it is the authority for the President to apply economic and other sanctions against a target country or its nationals pursuant to mandatory decisions by the United Nations Security Council under Article 41 of the United Nations Charter. Until recently, this statutory authority was rarely invoked, but in current practice it has become a significant basis for U.S. economic sanctions and the fight against terrorist financing.
		<b>Currency and Foreign Transactions Reporting Act of 1970:</b> Commonly referred to as the Bank Secrecy Act (BSA) is the basic anti-money laundering statutes requiring the reporting of large cash transactions and suspicious financial activities. The BSA requires banks (and now a host of other financial institutions, including broker dealers, credit card companies, insurance companies, and money service businesses) to understand, control, and report transactions that may have a questionable origin or purpose. Specifically, the act requires financial institutions to keep records of cash purchases of negotiable instruments, file reports of cash transactions exceeding \$10,000 (daily aggregate amount), and to report suspicious activity that might signify money laundering, tax evasion, or other criminal activities. The Treasury Department has statutory authority to administer the BSA, and has delegated this authority to FinCEN.
		<b>International Emergency Economic Powers Act (IEEPA), 1977:</b> Grants the President authority to regulate a comprehensive range of commercial and financial transactions with another country in order to deal with a threat to the national security, foreign policy, or economy of the U.S., if the President declares a national emergency. This has been the basis for economic sanctions since expiration of the Export Administration Act. The IEEPA falls under the provisions of the National Emergencies Act, which means that an emergency declared under the act must be renewed annually to remain in effect, and can be terminated by Congressional legislation.
		<b>Antiterrorism and Effective Death Penalty Act (AEDPA), 1996:</b> Title I amends federal habeas corpus law as it applies to both state and federal prisoners whether on death row or imprisoned for a term of years. Title II expands the circumstances under which foreign governments that support terrorism may be sued for resulting injuries, and increases the assistance and compensation available to victims of terrorism. Title III is crafted to help sever international terrorists from their sources of financial and material support. It enlarges the proscriptions against assisting in the commission of various terrorist crimes. It authorizes the regulation of fundraising by foreign organizations associated with terrorist activities. Title V adjusts the restrictions on possession and use of materials capable of producing catastrophic damage in the hands of terrorists. Additionally the act requires U.S. financial institutions in possession or control of funds in which a foreign terrorist organization or its agent has an interest are required to block such funds and report on the funds to the Treasury Department.
		<b>Section 302 of the AEDPA (8 U.S.C. § 1189):</b> Authorizes the Secretary of State, in consultation with the Secretary of the Treasury and the Attorney General, to designate organizations meeting stated criteria as foreign terrorist organizations, with prior notification to the Congress of the Secretary's intent to designate.

		<b>Section 303 of the AEDPA (18 U.S.C. § 2339B):</b> Makes it a crime for persons within the U.S. or subject to U.S. jurisdiction to knowingly provide material support or resources to a foreign terrorist organization designated under Section 302.
		<b>The Money Laundering and Financial Crimes Strategy Act, 1998:</b> Requires the President, acting through the Secretary of the Treasury and in consultation with the Attorney General and other relevant federal, state, and local law enforcement and regulatory officials to develop and submit an annual National Money Laundering Strategy to the Congress each year from 1999 through 2003. The initial strategy set forth a series of action designed to advance four fundamental goals in the fight against money laundering: (1) strengthening domestic enforcement; (2) enhancing the measures taken by banks and other financial institutions; (3) building stronger partnerships with State and local governments; and (4) bolstering international cooperation. The Act also authorized the Secretary of the Treasury to designate High Intensity Money Laundering and Related Financial Crime Areas (HIFCA), in which federal, state, and local law enforcement would work cooperatively to develop a focused and comprehensive approach to targeting money-laundering activity.
		<b>Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act (USA Patriot Act), 2001:</b> Contains tools to enhance the U.S. ability to combat the financing of terrorism and money laundering. Title III of the USA PATRIOT Act concerns international money laundering abatement and anti-terrorism financing. The Patriot Act adds additional burdens on banks and brokerages to report suspicious activities and to compile data on customers, as well as expand forfeiture laws, restrict the ability of shell banks to do business in the U.S., and encourage information exchange between the government and private banks. The private banking industry serves as a front line of investigation regarding terrorist financing.
		<b>USA Patriot Act, Title III, International Money Laundering and Anti-Terrorist Financing Act, 2001:</b> Supplied Treasury with a host of new and important weapons to both systematically eliminate known risks to the U.S. financial system as well as to identify and nullify new risks that develop.
		<b>USA PATRIOT Act, Title 31 U.S.C. 5332, Bulk Cash Smuggling:</b> Makes it a crime to smuggle or attempt to smuggle over \$10,000 in currency or monetary instruments into or out of the U.S., with the specific intent to evade the U.S. currency-reporting requirements codified at 31 U.S.C. 5316.
		<b>USA Patriot Act, § 311:</b> Provides the Secretary of the Treasury with authority to require U.S. financial institutions to apply graduated, proportionate countermeasures against a foreign jurisdiction, a foreign financial institution, a type of international transaction, or a type of account that the Secretary finds to be a “primary money laundering concern.” It also added a new section, 5318A, to the BSA.
		<b>USA Patriot Act, § 312:</b> Requires U.S. financial institutions that establish, maintain, administer, or manage a “private banking account” or a correspondent account for a non-U.S. person (including a foreign bank) to apply due diligence, and in some cases enhanced due diligence, procedures, and controls to detect and report instances of money laundering through those accounts.
		<b>USA Patriot Act, § 313:</b> Prohibits U.S. banks, securities brokers and dealers from maintaining correspondent accounts for foreign shell banks, that is, unregulated banks with no physical presence in any jurisdiction. Also requires financial institutions to take reasonable steps to ensure that foreign banks with correspondent accounts do not themselves permit access to such accounts by foreign shell banks. Adds subsection (j) to 31 U.S.C. § 5318 to prohibit depository institutions and securities brokers and dealers operating in the U.S. from establishing, maintaining, administering, or managing correspondent accounts for foreign shell banks, other than shell bank vehicles affiliated with recognized and regulated depository institutions.
		<b>USA Patriot Act, § 314(a):</b> Encourages cooperation and the sharing of information relating to money laundering and terrorism among law enforcement authorities, regulatory authorities, and financial institutions

		<b>USA Patriot Act, § 314 (b):</b> Upon notice to the Secretary of the Treasury, permits the sharing among financial institutions of information relating to individuals, entities, organizations, and countries suspected of possible terrorist or money laundering activities.
		<b>USA Patriot Act, § 318:</b> Expands the definition of financial institutions for purposes of 18 U.S.C. § 1956 and 1957 to include those operating outside the U.S.
		<b>USA Patriot Act, § 319(b):</b> Amended asset forfeiture law (18 U.S.C. § 981) and authorizes the Secretary of the Treasury or the Attorney General to issue a summons or subpoena to any foreign bank that maintains a correspondent account in the U.S. requesting records relating to that correspondent account. Requires U.S. financial institutions that maintain a correspondent account for a foreign bank to keep records identifying: (1) the owners of the foreign bank; and (2) the name and address of a person in the U.S. who is authorized to accept service of legal process for records related to the correspondent account.
		<b>USA Patriot Act, § 324:</b> Requires the Secretary of the Treasury, in consultation with the Attorney General and the federal functional regulators, to evaluate the operations of Title III and submit recommendations for legislative amendments that may be necessary.
		<b>USA Patriot Act, § 325:</b> Authorizes the Secretary of the Treasury to issue regulations concerning the maintenance of concentration accounts by U.S. depository institutions to ensure such accounts are not used to prevent association of the identity of an individual customer with the movement of funds of which the customer is the direct or beneficial owner.
		<b>USA Patriot Act, § 326(a):</b> Requires the Secretary of the Treasury to promulgate minimum standards for financial institutions and their customers regarding the identity of the customer that must apply in connection with the opening of an account at a financial institution. The minimum standards must require financial institutions to implement, and customers (after being given adequate notice) to comply with, reasonable procedures concerning verification of customer identity, maintenance of records for identity verification, and consultation at account opening of lists of known or suspect terrorists provided by a financial institution by a government agency.
		<b>USA Patriot Act, § 326(b):</b> Requires the Secretary of the Treasury, in consultation with the Federal functional regulators (as well as other appropriate agencies), to submit a report to Congress within six months of the date of enactment containing recommendations about the most effective way to require foreign nationals to provide financial institutions in the U.S. with accurate identity information comparable to that required to be provided by U.S. nationals, and to obtain an identification number that would function similarly to a U.S. national's Social Security or tax identification number.
		<b>USA Patriot Act, § 328:</b> Requires the Secretary of the Treasury, in consultation with the Attorney General and the Secretary of State, to take reasonable steps to encourage foreign governments to include originator information in wire transfer instructions.
		<b>USA Patriot Act, § 352:</b> Requires anti-money laundering programs, for all financial institutions.
		<b>USA Patriot Act, § 356(a):</b> Directs the Secretary of the Treasury, in consultation with the Securities and Exchange Commission and the Board of Governors of the Federal Reserve, to prescribe regulations requiring securities broker-dealers to file suspicious activity reports to the extent considered necessary and expedient.
		<b>USA Patriot Act, § 356 (b):</b> Authorizes the Secretary, in consultation with the Commodity Futures Trading Commission, to prescribe regulations requiring futures commission merchants, commodity trading advisors, and commodity pool operators to file suspicious activity reports.
		<b>USA Patriot Act, § 356 (c):</b> Requires the Secretary of the Treasury, the Board of Governors of the Federal Reserve, and the Securities and Exchange Commission to submit jointly a report to Congress recommending ways to apply BSA requirements to investment companies.

		<b>USA Patriot Act, § 357:</b> Requires the Secretary of the Treasury to submit a report to Congress on the role of the Internal Revenue Service (IRS) in the administration of the BSA.
		<b>USA Patriot Act, § 358:</b> Expanded Treasury's ability to share BSA information with the intelligence community, clarified that the Right to Financial Privacy Act does not preclude the use of financial information to combat international terrorism, and gave law enforcement and intelligence agencies access to credit reports when the inquiry relates to international terrorism.
		<b>USA Patriot Act, § 359:</b> Requires the Secretary of the Treasury to submit a report on the need for additional legislation relating to Agricultural Research Service. Clarifies that the BSA treats certain underground banking systems and money transmitting businesses as financial institutions for purposes of the funds transfer record-keeping and other anti-money laundering rules. The Secretary of the Treasury must report to Congress by October 26, 2002 on the need for additional legislation or regulatory controls relating to underground banking systems.
		<b>USA Patriot Act, § 360:</b> Authorizes the Secretary of the Treasury to instruct the U.S. Executive Director of each international financial institution to use such Directors' "voice and vote" to support loans and other use of resources to benefit nations that the President determines are contributing to U.S. efforts to combat international terrorism, and to require the periodic auditing of disbursements at such international financial institutions to ensure that funds are not paid to persons engaged in or supporting terrorism.
		<b>USA Patriot Act, § 361:</b> Requires, to the extent considered necessary and expedient, the Secretary of the Treasury to submit a report on improving compliance with the reporting requirements of § 5314 of Title 31, United States Code (U.S.C.) (Report of Foreign Banks and Financial Accounts requirements).
		<b>USA Patriot Act, § 362:</b> Requires the Secretary of the Treasury to establish a highly secure network within FinCEN for filing of BSA reports.
		<b>USA Patriot Act, § 365:</b> Requires non-financial trades or businesses to file currency transaction reports with FinCEN. Provides Treasury and law enforcement with access to currency reports filed by non-financial trades or businesses, a form previously difficult to obtain in light of IRS confidentiality restrictions.
		<b>USA Patriot Act, § 366:</b> Requires, to the extent considered necessary and expedient, the Secretary of the Treasury to report to Congress on whether to expand the existing exemptions to the requirement that financial institutions file currency transaction reports and on methods for improving financial institution utilization of exemptions.
		<b>USA Patriot Act, § 371:</b> Addresses the known risks associated with the smuggling of bulk cash and currency by making it an offense under Title 31 not to declare amounts in excess of \$10,000 to the Customs Service.
		<b>USA Patriot Act, § 373:</b> Amended 18 U.S.C. § 1960 to prohibit unlicensed money services businesses. In addition, such businesses must file suspicious activity reports with law enforcement officials.
		<b>USA Patriot Act, § 377:</b> Provides extraterritorial jurisdiction for the financial crimes committed abroad where the tools or proceeds of the offense pass through or are in the U.S. (example given, the account issuer or credit card system).
		<b>USA Patriot Act, § 411:</b> U.S. persons are prohibited from having dealings and must block the assets within U.S. jurisdiction of terrorists and terrorist groups that are designated by the Departments of State and Treasury, and those who are owned or controlled by, acting for or on behalf of, or materially, financially, or technologically assisting designated terrorists, terrorist groups, or their supporters.

		<b>Terrorism Risk Insurance Act (TRIA), 2002:</b> TRIA establishes a temporary Federal program of shared public and private compensation for insured commercial property and casualty losses resulting from acts of terrorism covered by the Act. The intent of the Act was to stimulate business investment that had slowed to a trickle after the events of September 11, 2001. The law creates a three-year federal program that backs up insurance companies and guarantees that certain terrorist-related claims will be paid. On December 22, 2005, President Bush signed into law the Terrorism Risk Insurance Extension Act of 2005, which extends TRIA through December 31, 2007.
		<b>Intelligence Reform and Terrorism Prevention Act (IRTPA), 2004:</b> IRTPA consists of eight separate titles which address topics of vital interest to terrorism prosecutors and others engaged on the legal front of the war on terror. These topics include: (1) reform of the intelligence community; (2) improvements in the intelligence capabilities of the Federal Bureau of Investigation; (3) revamping and uniformity of security clearance procedures; measures to enhance transportation security; (4) improvements in border protection; (5) immigration and visa procedures; (6) new tools for terrorism prosecutors; implementation of 9/11 Commission Recommendations; (7) establishment of interagency mechanisms concerning information and intelligence sharing, infrastructure protection and analysis, and civil rights and civil liberties; and (8) established both the position of DNI and the NCTC.
		<b>Combating Terrorism Financing Act, 2005:</b> Has been brought to Congress two times but has never become law. Would amend: (1) the International Emergency Economic Powers Act to increase penalties for violating a license, order, or regulation under the Act; (2) the Racketeer Influenced and Corrupt Organizations Act (RICO) to expand its scope to include offenses relating to the financing of terrorism and violations of the Social Security Act relating to obtaining funds through the misuse of a social security number; (3) the federal criminal code to: (a) provide for civil forfeiture to the U.S. of the assets of any individual or organization engaged in planning or perpetrating an act of international terrorism against any international organization or foreign government; and (b) establish procedures for contesting the confiscation of assets of suspected international terrorists; and (4) RICO to make receiving military-type training from a foreign terrorist organization a predicate offense to violation of money laundering provisions. Authorizes DHS to investigate violations of money laundering and related offenses.
		<b>Foreign Intelligence Surveillance Act (FISA), 1978:</b> Was passed to produce legal guidelines for federal investigations of foreign intelligence targets. Among the rules put in place were regulations governing: (1) electronic surveillance; (2) physical searches; (3) pen registers and trap and trace devices for Foreign Intelligence purposes; (4) access to certain business records for Foreign Intelligence purposes. In addition to defining how foreign intelligence investigations were to be performed, FISA also defined who could be investigated. Only foreign powers or agents of foreign powers were to be subject to FISA investigations. Thus, targets are primarily those foreign persons who are engaged in espionage or international terrorism.
		<b>Public Law 102-138 § 304 as amended by Public Law 103-236 (22 U.S.C. § 2656g):</b> Requires Treasury to submit the Terrorist Assets Reports to the Committee on Foreign Relations and the Committee on Finance of the Senate and to the Committee on International Relations and the Committee on Ways and Means of the House.
	Federal Regulations	A rule or order issued by an executive authority or regulatory agency of a government and having the force of law.
	United States Code (U.S.C.)	Is the codification by subject matter of the general and permanent laws of the U.S. It is divided by broad subjects into 50 titles and published by the Office of the Law Revision Counsel of the U.S. House of Representatives. Since 1926, the U.S.C. has been published every six years. In between editions, annual cumulative supplements are published in order to present the most current information. U.S.C. are laws made by the U.S. Congress.



		<b>18 U.S.C. § 1956:</b> Makes it illegal to: (1) conduct or attempt to conduct a financial transaction with proceeds known to be from specified unlawful activity; (2) transport or attempt to transport monetary instruments or funds to or from the U.S.; (3) conduct or attempt to conduct a financial transaction involving property a law enforcement officer represents to be the proceeds of specified unlawful activity or property used to conduct or facilitate specified unlawful activity. The criminalization of money laundering was largely in response to the massive amounts of money exchanging hands and sifting through American financial institutions as a product of the illegal trade of narcotics. Clearly, with the Patriot Act's amplified reporting and due diligence requirements, Congress has intended to provide a means to conduct additional financial analysis as part of a counterterrorist financing regime.
		<b>18 U.S.C. § 1957:</b> Makes it illegal knowingly to engage or attempt to engage in a monetary transaction involving property valued at more than \$10,000 if it is derived from specified unlawful activity.
		<b>18 U.S.C. § 2331(1):</b> The term “international terrorism” means activities that: (A) involve violent acts or acts dangerous to human life that are a violation of the criminal laws of the U.S or of any State, or that would be a criminal violation if committed within the jurisdiction of the U.S or of any State; (B) appear to be intended: (i) to intimidate or coerce a civilian population; (ii) to influence the policy of a government by intimidation or coercion; or (iii) to affect the conduct of a government by mass destruction, assassination, or kidnapping; and (C) occur primarily outside the territorial jurisdiction of the U.S. or transcend national boundaries in terms of the means by which they are accomplished, the persons they appear intended to intimidate or coerce, or the locale in which their perpetrators operate or seek asylum.
		<b>18 U.S.C. § 2331(5):</b> The term “domestic terrorism” means activities that: (A) involve acts dangerous to human life that are a violation of the criminal laws of the U.S. or of any State; (B) appear to be intended: (i) to intimidate or coerce a civilian population; (ii) to influence the policy of a government by intimidation or coercion; or (iii) to affect the conduct of a government by mass destruction, assassination, or kidnapping; and (C) occur primarily within the territorial jurisdiction of the U.S.
		<b>18 U.S.C. § 2339A:</b> Pertains to providing material support or resources for acts of international terrorism (generally used in conjunction with 18 U.S.C. § 1956) (Conspiracies within the United States to kill/maim persons and destroy specific property abroad).
		<b>18 U.S.C. § 2339B:</b> States whoever knowingly provides material support or resources to a foreign terrorist organization, or attempts or conspires to do so, shall be fined under this title or imprisoned not more than 15 years, or both, and, if the death of any person results, shall be imprisoned for any term of years or for life. Except as authorized by the Secretary, any financial institution that becomes aware that it has possession of, or control over, any funds in which a foreign terrorist organization, or its agent, has an interest, shall: (A) retain possession of, or maintain control over, such funds; and (B) report to the Secretary the existence of such funds in accordance with regulations issued by the Secretary. Generally used in conjunction with 18 U.S.C. § 1956.
		<b>22 U.S.C. § 2656f(d):</b> The term ‘terrorism’ means premeditated, politically motivated violence perpetrated against noncombatant targets by sub national groups or clandestine agents, usually intended to influence an audience.
		<b>31 U.S.C. § 5318 (k):</b> Was codified by section 319(b) of the USA PATRIOT Act, states any covered financial institution that maintains a correspondent account in the U.S. for a foreign bank must maintain records in the U.S. identifying: (A) the owner(s) of such foreign bank, and (B) the name and address of a person (as defined in 31 Code of Federal Regulation § 103.11(z)) who resides in the U.S. and is authorized to accept service of legal process for records concerning the correspondent account.
	Code of Federal Regulations (C.F.R.)	Is the codification of the general and permanent rules published in the F.R. by the executive departments and agencies of the USG. It is divided into 50 titles that represent broad areas subject to Federal regulation. Each volume of the C.F.R. is updated once each calendar year and is issued on a quarterly basis.

		<b>31 C.F.R., Chapter 5, Part 594:</b> Covers various Global Terrorism Sanctions Regulations (Part 594.101 - 594.901) from relation of this part to other laws and regulations to paperwork reduction act notice.
		<b>31 C.F.R., Chapter 5, Part 595:</b> Covers various Terrorism Sanctions Regulations (Subpart A (595.101) - Subpart I (595.901)) from relation of this part to other laws and regulations to Paperwork Reduction Act notice.
		<b>31 C.F.R., Chapter 5, Part 596:</b> Covers various Terrorism List Governments Sanctions Regulations (Subpart A (596.101) - Subpart I (596.901)) from relation of this part to other laws and regulations to Paperwork Reduction Act notice.
		<b>31 C.F.R., Chapter 5, Part 597:</b> Covers various Foreign Terrorist Organizations Sanctions Regulations (Subpart A (597.101) - Subpart I (597.901)) from relation of this part to other laws and regulations to Paperwork Reduction Act notice.
	Executive Order (EO)	Most EOs are issued by the President to U.S. executive officers to help direct their operation, with the result of failing to comply being removal from office. Some orders do have the force of law when made in pursuance of certain Acts of Congress due to those acts giving the President discretionary powers. Other types of EOs are: (1) National Security Directives; (2) Homeland Security Presidential Directives; and (3) Presidential Decision Directives, which deal with national security and defense matters.
		<b>EO 12947, 1995:</b> Prohibits transactions with terrorists who threaten to disrupt the Middle East Peace Process. Prohibits transfers, including donations of funds, goods, or services, to any organization or individual designated under its authority, and it blocks all property in the U.S. or within the possession or control of a U.S. person in which there is an interest of any designated person. Twelve terrorist organizations were named in the Annex to E.O. 12947.
		<b>EO 13099, 1998:</b> Prohibits transactions with terrorists who threaten to disrupt the Middle East Peace Process (Tab 6), to amend EO 12947 by adding three individuals and one organization to the Annex of EO 12947, including Osama bin Muhammad bin Awad bin Laden (also known as Osama bin Laden) and al-Qaeda.
		<b>EO 13129, 1999:</b> States that the actions and policies of the Taliban in Afghanistan, in allowing territory under its control in Afghanistan to be used as a safe haven and base of operations for Osama bin Laden and the al-Qaeda organization who have committed and threaten to continue to commit acts of violence against the U.S. and its nationals, constitute an unusual and extraordinary threat to the national security and foreign policy of the U.S., and declared a national emergency to deal with that threat.
		<b>EO 13224, 2001:</b> Designation under this order results in asset-blocking and a prohibition on transactions with the designated individual or entity. The Order expands the U.S. power to target the support structure of terrorist organizations, freeze the U.S. assets and block the U.S. transactions of terrorists and those that support them, and increases the ability to block U.S. assets of, and deny access to U.S. markets to, foreign banks who refuse to cooperate with U.S. authorities to identify and freeze terrorist assets abroad. This order directed the Secretary of the Treasury, in consultation with the Secretary of State and the Attorney General, to deny financing and financial services to terrorists and terrorist organizations. The executive order authorizes the blocking of assets of those designated individuals and organizations linked to global terrorism. It also prohibits transactions with designated terrorist groups, leaders, and corporate and charitable fronts.
		<b>EO 13268, 2002:</b> States that the situation that gave rise to the declaration of a national emergency in EO 13129, with respect to the Taliban, in allowing territory under its control in Afghanistan to be used as a safe haven and base of operations for Osama bin Laden and the al-Qaeda organization, has been significantly altered, thus allowing the revocation of EO 13129 and terminating the national emergency declared in that order with respect to the Taliban. In addition it amends § 1 of EO 13224 by including the name of Mohammed Omar.



		<b>EO 13372, 2005:</b> Clarifies the steps taken in EO 12947 with respect to the implementation of § 203(b)(2) of IEEPA. Amends § 4 of Executive Order 13224 to state that it prohibit donations as provided by § 1 of EO 12947 and that the Trade Sanctions Reform and Export Enhancement Act of 2000 shall not affect the imposition or the continuation of the imposition of any unilateral agricultural sanction or unilateral medical sanction on any person determined to be subject to this order.
	Federal Register Notices (FR)	Published by the Office of the Federal Register, National Archives and Records Administration (NARA), the Federal Register is the official daily publication for rules, proposed rules, and notices of Federal agencies and organizations, as well as EOs and other presidential documents.
		<b>71 FR 27199-06, 2006:</b> Covers the Treasury Department's, Office of Foreign Assets Control (OFAC) revisions to the Global Terrorism Sanctions Regulations, the Terrorism Sanctions Regulations, and the Foreign Terrorist Organizations Sanctions Regulations to add general licenses authorizing certain transactions with the Palestinian Authority (PA).
		<b>71 FR 29251-06, 2006:</b> Covers the Treasury Department's, OFAC revisions to its regulations in order to reflect amendments to the International Emergency Economic Powers Act (IEEPA) made by the Combating Terrorism Financing Act of 2005.
		<b>71 FR 58742-06, 2006:</b> Covers OFAC of the U.S. Department of the Treasury revisions to the Global Terrorism Sanctions Regulations, the Terrorism Sanctions Regulations, and the Foreign Terrorist Organizations Sanctions Regulations to authorize in kind donations of medical devices and medical services by U.S. nongovernmental organizations to the PA Ministry of Health.
	Miscellaneous	As stated by the author in Chapter One currently DoD has no defined authorities under U.S. law and regulations nor does DoD have an overarching policy that supports threat finance. However, DoD derives its roles and responsibilities from the following strategies, plans, execution orders, and assessments.
		<b>National Strategy for Combating Terrorism (NSCT), 2006:</b> Builds directly from the National Security Strategy issued in March 2006 as well as the 2003 National Strategy for Combating Terrorism. It focuses on: (1) advancing effective democracies as the long-term antidote to the ideology of terrorism; (2) preventing attacks by terrorist networks; (3) denying weapons of mass destruction to rogue states and terrorist allies; (4) denying terrorists the support and sanctuary of rogue states; (5) denying terrorists control of any nation they would use as a base or launching pad; and (6) laying the foundations and building the institutions and structures the U.S. needs to carry the fight forward against terror. With regard to disrupting terrorist financing it focuses on cutting off individuals and institutions from the networks they depend on for support and that facilitate their activities; and acknowledges that the effective disruption of funding sources, interdiction of transfer mechanisms, and strengthening allies can help the U.S. and its partners starve terrorist networks of the material support they require.
		<b>National Military Strategic Plan for the War on Terrorism (NMSP-WOT), 2006:</b> Constitutes the comprehensive unified military plan to prosecute the Global War on Terrorism for the Armed Forces of the United States...including the findings and recommendations of the 9/11 Commission and a rigorous examination within the Department of Defense. The plan emphasizes "encouraging" and "enabling" foreign partners, especially in countries where the U.S. is not at war and concludes that the conflict cannot be fought by military means alone--or by the U.S. acting alone. The plan formally directs military commanders to go after a list of eight pressure points at which terrorist groups could be vulnerable: ideological support, weapons, funds, communications and movement, safe havens, foot soldiers, access to targets, and leadership. The plans number one stated objective is to deny terrorists the resources they need to operate and survive and identifies resources as a critical requirement for terrorist organizations.
		<b>National Implementation Plan (NIP):</b> Classified
		<b>Global War On Terrorism Campaign Plan:</b> Classified

		<b>Joint Intelligence Operations Center Execution Order:</b> Classified
		<b>Global War on Terrorism Assessment June 05 MSO-1:</b> Classified
		<b>National Action Plan for Foreign Fights:</b> Classified
		<b>Disrupting External Funding to the Taliban (DEFT):</b> Classified
		<b>Moving from Terrorist Finance to Threat Finance:</b> Classified
		<b>Terrorist Finance Sub-CSG TIFWG:</b> Classified

Table 2: U.S. Laws, Federal Regulations, and Federal Register Notices<sup>211</sup>

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<sup>211</sup> Table adapted by the author based on the work of Jeff Breinholt, “Counterterrorism Enforcement: A Lawyer’s Guide,” Office of Legal Education, 2004, 1-285 and the author’s analysis based on government, industry, and various other research sources.

## APPENDIX D: FTO Locations with Original Pan-Islamic Caliphate Overlaid

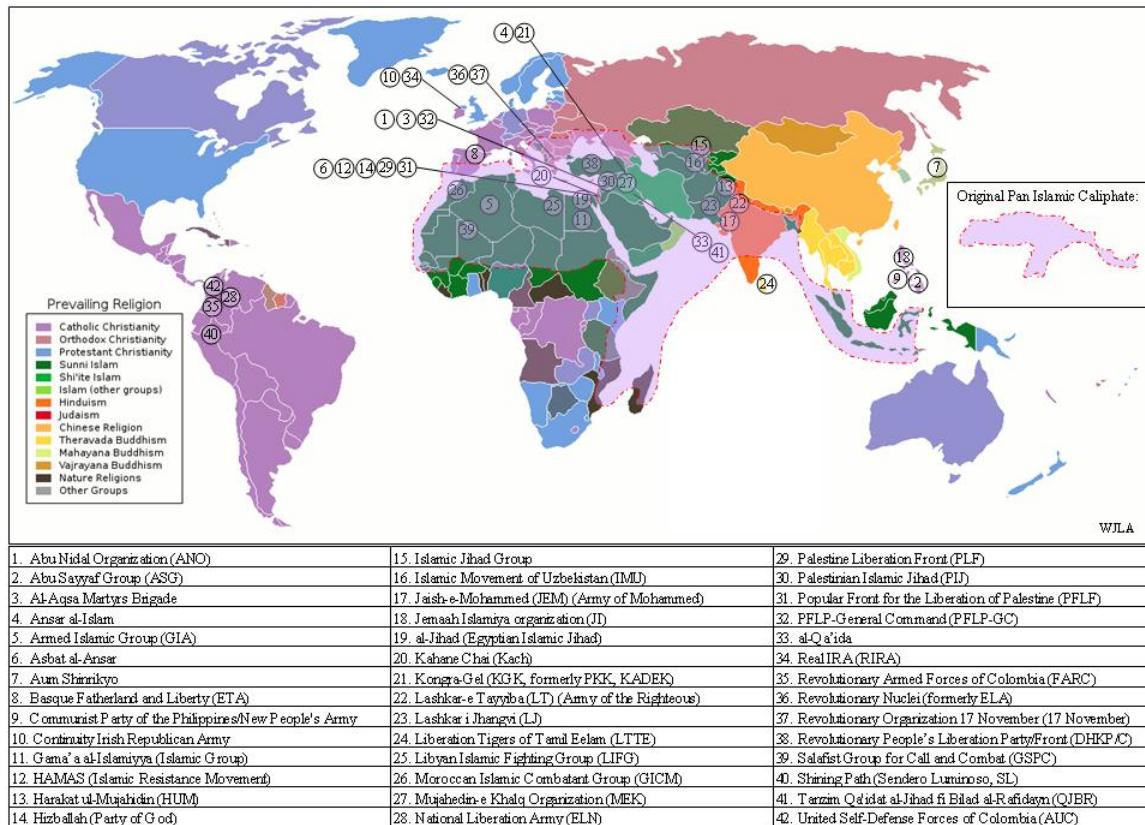


Table 3: FTO locations with Original Pan-Islamic Caliphate Overlaid<sup>212</sup>

Table three depicts: (1) the approximate location of the 42 FTO locations throughout the world; (2) the religion practiced by the majority of religious persons in the states of the world; and (3) the original Pan-Islamic Caliphate.<sup>213,214</sup>

<sup>212</sup> This diagram was adapted and integrated by the author from: (1) Wikipedia, available from <http://de.wikipedia.org/wiki/Bild:Weltreligionen.png>. Internet. Accessed on 18 September 2006; (2) US Department of State, Foreign Terrorist Organizations, Oct 11 2005, available from <http://www.state.gov/s/ct/rls/fs/37191.htm>. Internet. Accessed on 18 September 2006; and (3) Office of the Coordinator for Counterterrorism available from <http://www.state.gov/s/ct/>. Internet. Accessed on 18 September 2006. Authors note, the Major World Religion base map portion of Table three is not copyrighted, see web site for details.

<sup>213</sup> US Department of State. Foreign Terrorist Organizations. Oct 11. 2005. Available from <http://www.state.gov/s/ct/rls/fs/37191.htm>. Internet. Accessed on 27 February 2007.

<sup>214</sup> Wikipedia, Available from <http://de.wikipedia.org/wiki/Bild:Weltreligionen.png>. Internet. Accessed on 18 September 2006.

Many of the FTO's such as al Qaeda are operating out of numerous countries, not just where the circle places the organization. The purpose of this table is merely to give the reader a general idea based on the latest unclassified information where the majority of the organizations members are located and where the organization is focusing its efforts.

In addition, the religion of a given country was determined using the following methods. If the ratio of the largest religious group to the next largest religious group is less than 60:40, then the color of the nation-state is a blend of the colors of the two largest groups. Therefore, States consisting of multiple nations or countries receive a single color which is determined by the aggregate of their inhabitants. Persons without a religion are not counted in determining the majority religion. For example, the Netherlands is colored steel-blue (mixed Protestant and Catholic), even though there are more non-religious people than there are Catholics, who constitute the largest religious group. Regions within a state whose predominant religion is different from the plurality religion of the nation-state are not separately indicated. Thus, southern Sudan and Tibet, for example, receive the same color as the rest of the state of which they are a part, even though that color does not accurately describe the religious affiliation of the inhabitants of those regions.<sup>215</sup>

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<sup>215</sup> Authors note, at the time of publication the Taliban was in the final stages of being listed as the 43<sup>rd</sup> FTO by the DOS.

## APPENDIX E: Alternative Financing Mechanisms: Sources, Movement and Storage

Alternative Financing Mechanisms	Sources	Movement	Storing
<b>Criminal Activity</b>			
Credit Card Fraud	X		
Counterfeiting			
Extortion	X		
Identity Theft	X		
Immigration Benefit Fraud	X		
Intellectual Property Piracy	X		
Kidnapping for Ransom	X		
Welfare Benefit Fraud	X		
<b>Currency</b>			
Debit or Stored Value "Smart" Cards		X	X
Digital Currency		X	X
Money		X	X
Phone Value Cards		X	X
Travelers Checks		X	X
<b>Systems</b>			
Alternative Remittance "Informal Value Transfer"		X	
Hawala		X	
Hundi		X	
Cash Couriers		X	
Charities	X	X	
Corporate Contributors	X	X	
Financial Facilitators		X	
Formal Banking		X	X
Individual Contributors "Witting & Unwitting"	X		
Internet	X	X	X
Auctions	X	X	
Casinos	X	X	X
Islamic Banks		X	X
Not for Profit Organizations "Witting & Unwitting"	X	X	
State Sponsors	X	X	X
Trade Based	X	X	
Unlicensed Money Services Businesses		X	
Wire Transfers		X	
<b>Trade in Commodities</b>			
Contraband Cigarettes	X		
Counterfeit Goods	X		
Diamonds	X	X	X
Drug Trafficking	X		
Gemstones	X	X	X
Gold	X	X	X
Weapons	X		

Table 4: Examples of Alternative Financing Mechanisms<sup>216</sup>

<sup>216</sup> Adapted by the author from "Terrorist Financing: U.S. Agencies Should Systematically Assess Terrorists' Use of Alternative Financing Mechanisms: GAO-04-163," 2003, GAO Reports (11/14/): 1, 10; and authors analysis based on government, industry, and various other research sources.

## APPENDIX F: International Organizations and Efforts to Disrupt Terrorist Financing

Name of Organization	Description of Effort
International Standard-Setters	
<b>United Nations (UN)</b>	Of the key international entities, the UN has the broadest range of membership and the ability to adopt treaties or international conventions that have the effect of law in a country once signed and ratified, depending on a country's constitution which is the case in the U.S.
	<b>Counter-Terrorism Implementation Task Force (CTITF):</b> The CTITF's overall function is to coordinate the various UN bodies working on counter-terrorism. CTITF was created by the Secretary General and encompasses the UN Secretariat and the wider UN system in an attempt to better coordinate counterterrorism efforts across the UN system and to ensure stronger cooperation and efficiency in implementing the counterterrorism related mandates of various UN departments, programs, funds, offices and agencies and to strengthen information sharing throughout the system. In its coordinating work the Task Force goes beyond the wider UN system to also include 24 other entities, such as the International Criminal Police Organization (INTERPOL) and The International Monetary Fund (IMF).
	<b>Counter-Terrorism Committee (CTC):</b> Was established via Security Council Resolution 1373 to monitor the performance of the member countries in building a global capacity against terrorism. The CTC, which is comprised of the 15 members of the Security Council, is not a law enforcement agency; it does not issue sanctions, nor does it prosecute or condemn individual countries. Rather, the Committee seeks to establish a dialogue between the Security Council and member countries on how to achieve the objectives of Resolution 1373. Countries submit a report to the CTC on steps taken to implement resolution's measures and report regularly on progress. CTC identifies weaknesses and facilitates assistance, but does not provide direct assistance. The CTC's primary task is the review of member state reports that describe the degree of national compliance with the counterterrorism mandates of Security Council Resolution 1373. As of January 18, 2002, 122 nation-states had submitted reports to the committee.
	<b>Counter-Terrorism Committee Executive Directorate (CTED):</b> Provides the CTC with expert advice on all areas covered by resolution 1373. CTED was established also with the aim of facilitating technical assistance to countries, as well as promoting closer cooperation and coordination both within the UN system of organizations and among regional and intergovernmental bodies.

	<p><b>The United Nations Global Counter-Terrorism Strategy (2006):</b> Enhances national, regional and international efforts to counter terrorism. This is the first time that all 192 member states have agreed to a common strategic approach to fight terrorism. Several items address terrorist financing. Under measures to prevent and combat terrorism: item 1, addresses refraining from financing, encouraging or tolerating terrorist activities; item 2, addresses cooperating fully in the fight against persons who support, facilitate, participate or attempt to participate in the financing, of terrorist acts; item 10, encourages states to implement the standards embodied in the FATF Forty Recommendations and Nine Special Recommendations on Terrorist Financing. Under measures to build states' capacity to prevent and combat terrorism item 8, encourages the IMF, World Bank, the UN Office on Drugs and Crime (UNODC) and INTERPOL to enhance cooperation to help states comply with international norms and obligations to combat terrorist financing. Rule of law item 4, addresses maintaining effective rule so that any persons who supports terrorist acts is brought to justice.</p>
	<p><b>Global Program Against Money Laundering (GPML) (1997):</b> The GPML is within the UNODC. The GPML is a research and assistance project with the goal of increasing the effectiveness of international action against money laundering by offering technical expertise, training, and advice to member countries upon request. It focuses its efforts in the following areas: (1) raising the awareness level among key persons in UN member states; (2) helping create legal frameworks with the support of model legislation; (3) developing institutional capacity, in particular with the creation of financial intelligence units; (4) providing training for legal, judicial, law enforcement, regulators, and private financial sectors including computer-based training; (5) promoting a regional approach to addressing problems; (6) maintaining strategic relationships; and (7) maintaining database and performing analysis of relevant information.</p>
<b>Financial Action Task Force on Money Laundering (FATF)</b>	<p>FATF was formed in 1989 by the G-7 countries. FATF is an intergovernmental body comprised of 33 member jurisdictions and two regional organizations which brings together legal, financial, and law enforcement experts and whose purpose is to develop, promote, and assess policies, both at the national and international levels, to combat money laundering and the financing of terrorism (expanded to include counter terrorism financing in October 2001). FATF has developed multiple partnerships with international and regional organizations in order to constitute a global network of organizations against money laundering and terrorist financing. Five of the FATF's most notable contributions to disrupt terrorist financing include (1) Forty Recommendations on Money Laundering; (2) Nine Special Recommendations on Terrorist Financing; (3) the establishment of the Non-Cooperative Countries and Territories (NCCT) List; (4) monitoring member progress in implementing anti-money laundering measures; and (5) reporting on money laundering trends and techniques.</p>
	<p><b>Forty Recommendations on Money Laundering (The Forty Recommendations):</b> Constitute a comprehensive framework for Anti-Money Laundering (AML) and are designed for universal application by countries throughout the world. The Forty Recommendations set out principles for action which permit a country's flexibility in implementing the principles according to the country's own particular circumstances and constitutional requirements. Although not binding as law upon a country, The Forty Recommendations have been widely endorsed by the international community and relevant organizations as the international standard for AML. The Forty Recommendations are actually mandates for action by a country if that country wants to be viewed by the international community as meeting international standards. The Forty Recommendations are Available from <a href="http://www.fatf-gafi.org">http://www.fatf-gafi.org</a>].</p>

	<p><b>Nine Special Recommendations on Terrorist Financing:</b> The nine recommendations which have become the international standard for evaluating a state's anti-terrorist financing laws requires: (1) ratifying the <i>UN International Convention for the Suppression of the Financing of Terrorism</i> and implementing relevant UN Resolutions against terrorist financing; (2) criminalizing the financing of terrorism, terrorist acts, and terrorist organizations; (3) freezing and confiscating terrorist assets; (4) financial institutions to report suspicious transactions linked to terrorism; (5) providing the widest possible assistance to other countries' laws enforcement and regulatory authorities for terrorist financing investigations; (6) imposing anti-money laundering requirements on alternative remittance systems; (7) financial institutions to include accurate and meaningful originator information in money transfers; (8) ensuring that non-profit organizations cannot be misused to finance terrorism; and (9) measures to be in place to detect the physical cross-border transportation of currency and bearer negotiable instruments.</p>
	<p><b>The Non-Cooperative Countries and Territories (NCCT) List:</b> One of FATF's objectives is to promote the adoption of international anti-money laundering/counter-terrorism financing standards by all countries. Thus, its mission extends beyond its own membership. However, FATF can only sanction its member countries and territories. Thus, in order to encourage all countries to adopt measures to prevent, detect, and prosecute money launderers (i.e., to implement the 40 Recommendations), FATF adopted a process to identify non-cooperative countries and territories that serve as obstacles to international cooperation in this area and place them on a public list. An NCCT country is encouraged to make rapid progress in remedying its deficiencies or counter-measures may be imposed which may include specific actions by FATF member countries. Most countries make a concerted effort to be taken off the NCCT list because it causes significant problems to their international business and reputation.</p>
	<p><b>Monitoring Member's Progress:</b> Facilitated by a two-stage process: self assessments and mutual evaluations. In the self-assessment stage, each member annually responds to a standard questionnaire regarding its implementation of the recommendations. In the mutual evaluation stage, each member is examined and assessed by experts from other member countries. Ultimately, if a member country does not take steps to achieve compliance, membership in the organization can be suspended. There is, however, a sense of peer pressure and a process of graduated steps before these sanctions are enforced.</p>
	<p><b>Reporting on Money Laundering Trends and Techniques:</b> One of FATF's functions is to review and report on money laundering trends, techniques, and methods (also referred to as typologies). To accomplish this aspect of its mission, FATF issues annual reports on developments in money laundering through its Typologies Report. These reports are very useful for all countries, not just FATF members, to keep current with new techniques or trends to launder money and for other developments in this area.</p>
International Capacity-Builders	



<b>Egmont Group of Financial Intelligence Units</b>	Is an is an informal body without a secretariat comprised of an international network of 101 countries that have implemented national centers to: (1) collect information on suspicious or unusual financial activity from the financial industry; and (2) analyze the data and make it available to appropriate authorities and other Financial Intelligence Units (FIU) for use in combating terrorist financing and other financial crimes. Members of the Egmont Group have access to a secure private website to exchange information. As of 2004, 87 of the members were connected to the secure web. The Egmont Group has no permanent location and meets in a plenary session once a year and in working group sessions three times a year. Within the Egmont Group, the FIU heads make all the policy decisions, including membership. Currently, Egmont Group's efforts focus on fostering improved communications, information sharing, and training coordination worldwide in the fight against money laundering and terrorist financing.
	<b>FIUs</b> are a central, national agency responsible for receiving (and as permitted, requesting), analyzing, and disseminating to competent authorities, disclosures of financial information: (1) concerning suspected proceeds of crime and potential financing of terrorism; or (2) required by national legislation or regulation in order to combat money laundering and terrorist financing. The Egmont Group's definition of an FIU is entirely consistent with The Forty Recommendations of the FATF. In addition, FIUs must also commit to act in accordance with the Egmont Group's Principles for Information Exchange Between FIUs for money laundering and terrorist financing cases. These principles include conditions for the exchange of information, limitation on permitted uses of information, and confidentiality.
<b>International Monetary Fund (IMF) and World Bank</b>	The World Bank helps countries strengthen development efforts by providing loans and technical assistance for institutional capacity building. The IMF mission involves financial surveillance and the promotion of international monetary stability. Together, the World Bank and IMF have established a collaborative framework with the FATF for conducting comprehensive Anti-Money Laundering/Counter-Financing of Terrorism (AML/CFT) assessments of countries' compliance with the FATF 40+9 Recommendations using a single global methodology. The assessments are carried out as part of the Financial Sector Assessment Program (FSAP) and lead to a Report on Observance of Standard and Codes (ROSCs). Three areas that the World Bank and IMF focus on include: (1) research and analysis and awareness-raising; (2) assessments; and (3) training and technical assistance.
	<b>Research and Analysis and Awareness-Raising:</b> The World Bank and IMF have: (1) conducted work on international practices in implementing anti-money laundering and counter-terrorist financing regimes; (2) issued Analysis of the Hawala System discussing implications for regulatory and supervisory response; (3) developed a comprehensive reference guide on anti-money laundering/counter terrorist-financing presenting all relevant information in one source; (4) conducted Regional Policy Global Dialogue series with country, World Bank and IMF, development banks, and FATF-style regional bodies covering challenges, lessons learned, and assistance needed; and (5) developed Country Assistance Strategies that cover anti-money laundering and counter-terrorism in greater detail in countries that have been deficient in meeting international standards.

	<p><b>Assessments:</b> The World Bank and IMF have: (1) worked in close collaboration with FATF and FATF-style regional bodies to produce a single comprehensive Methodology for anti-money laundering/counter-terrorist financing assessments; and (2) engaged in a successful pilot program of assessments of country compliance with FATF recommendations. In 2004, the World Bank and IMF adopted the FATF 40 + 9 Recommendations as one of the 12 standards and codes for which Reports on the Observance of Standards and Codes can be prepared and made anti-money laundering/counter-terrorist financing assessments a regular part of IMF/World Bank work. World Bank and IMF staff participated in 58 of the 92 assessments conducted since 2002. In addition, the Boards of the World Bank and the IMF have agreed to adopt a more comprehensive and integrated approach to conducting assessments of compliance with international standards for fighting money laundering and terrorist financing in member countries and to step up the delivery of technical assistance to those countries whose financial systems are most at risk.</p>
	<p><b>Training and Technical Assistance:</b> The World Bank and IMF have: (1) organized training conferences and workshops; (2) delivered technical assistance to individual countries; (3) coordinated technical assistance; and (4) substantially increased technical assistance to member countries on strengthening legal, regulatory, and financial supervisory frameworks for anti-money-laundering/counter terrorist financing. In 2002-2003 there were 85 country-specific technical projects benefiting 63 countries and 32 projects reaching more than 130 countries. Between January 2004 and June 2005, the World Bank and IMF delivered an additional 210 projects. In 2004, IMF and the World Bank decided to expand the anti-money laundering/counter-terrorist financing technical assistance work to cover the full scope of the expanded FATF recommendations following the successful pilot program of assessments.</p>
International Organization of Supreme Audit Institutions	<p>International cooperation related to money laundering also occurs through the International Organization of Supreme Audit Institutions, which represents 191 UN member nations and is the top accountability organization related to government audit and oversight. The U.S. General Accounting Office and its counterparts from around the world are working cooperatively to improve their oversight capacity for government departments and regulatory financial institutions. This work takes the form of publishing and disseminating standards and guidelines in critical areas such as auditing, internal control, financial reporting, information technology, and public debt. In addition, the organization recently established a task force charged with studying the national audit offices' role in helping prevent and detect money laundering and sharing information and experiences with each other. The organization also has established partnerships with organizations such as the World Bank and the International Federation of Accountants to strengthen its impact in these areas.</p>

<p><b>G8:</b> The G8 established a Counterterrorism Action Group (CTAG) composed of donor countries, as well as other states, mainly donors, to expand and coordinate training and assistance for countries that have the political will but lack the capacity to combat terror.</p>	<p><b>CTAG</b> provides an active forum for donor countries to coordinate counterterrorism cooperation with and assistance for countries in support of the UN Counterterrorism Committee's efforts to oversee implementation of UN Security Council Resolution 1373. This resolution obligates all states to deny safe haven to those who finance, plan, support, or commit terrorist acts. CTAG has coordinated efforts to assist countries to assess and improve airport security and has promoted and assisted with the implementation of travel security and facilitation standards and practices developed by G8's Secure and Facilitated International Travel Initiative (SAFTI). CTAG goals are to analyze and prioritize needs and expand training and assistance in critical areas, including counter-terrorism financing and other counterterrorism areas. In 2004, CTAG coordinated with FATF to obtain assessments of countries CTAG identified as priorities. Anticipated areas of activity include: (1) outreach to countries in the area of counter-terrorism cooperation; and (2) providing capacity building assistance to nations with insufficient capacity to fight terrorism.</p>
<p><b>Interpol:</b> Interpol's website serves as a clearinghouse for foreign law enforcement for the lists of those subject to freezing actions. The Interpol database consolidates international and national lists of terrorist financiers and makes it available to police around the world to prevent the flow of funds to terrorist groups and to assist in criminal investigations. Interpol collects, stores, analyzes, and exchanges information about suspected individuals and groups and their activities. The organization, with its 186 member states, also coordinates the circulation of alerts and warnings on terrorists, dangerous criminals, and weapons threats to police in member countries. A chief initiative in this area is the Fusion Task Force.</p>	<p><b>Fusion Task Force (FTF).</b> As the planning for terrorist attacks often spans multiple countries and regions, fighting terrorism also requires the same level of effort and cooperation among nations. Spearheading Interpol's anti-terrorism efforts is the FTF, created in September 2002, in the wake of the alarming rise in the scale and sophistication of international terrorist attacks. FTF's primary objectives are to: (1) identify active terrorist groups and their membership; (2) solicit, collect, and share information and intelligence; (3) provide analytical support; and (4) enhance the capacity of member countries to address the threats of terrorism and organized crime. As terrorist organizations' far-reaching activities are inextricably linked, the task force investigates not only attacks, but also organizational hierarchies, training, financing, methods, and motives.</p>
<p><b>Regional Entities</b></p>	<p>In addition to the International Standard-Setters and Capacity-Builders there are other international organizations that play crucial roles in the fight against money laundering and terrorist financing. These groups tend to be organized according to geographic region or by the special purpose of the organization.</p>
<p><b>FATF-Style Regional Bodies (FSRBs):</b> Modeled after FATF, these groups have anti-money laundering/counter terrorist financing efforts as their objectives.</p>	<p><b>FSRBs</b> encourage implementation and enforcement of FATF's 40 + 9 Recommendations. They administer mutual evaluations of their members, which are intended to identify weaknesses so that the members may take remedial action. Provide members information about trends, techniques, and other developments for money laundering in their typology reports. The size, sophistication, and the degree to which the FSRBs can carry out their missions vary greatly. Currently, the eight FSRBs are: Asia/Pacific Group on Money Laundering, Caribbean Financial Action Task Force, Council of Europe MONEYVAL, Eastern and Southern African Anti-Money Laundering Group, Eurasian Group on Combating Money Laundering and Financing of Terrorism, Financial Action Task Force Against Money Laundering in South America, Middle East and North Africa Financial Action Task Force, Inter-governmental Action Group Against Money Laundering (West Africa).</p>

<p><b>Wolfsberg Group of Banks:</b> The Wolfsberg Group is an association of 12 global banks, representing primarily international private banking concerns. The group was named after the Château Wolfsberg in north-eastern Switzerland where the group was formed.</p>	<p><b>Wolfsberg Group</b> established four sets of principles for private banking: (1) AML principles for private banking, which deal with customer identification, including establishing beneficial ownership for all accounts, and situations involving extra due diligence, such as unusual or suspicious transactions; (2) a statement on the suppression of the financing of terrorism, which emphasizes that financial institutions need to assist competent authorities in fighting terrorist financing through prevention, detection, and information sharing; (3) 14 AML principles for correspondent banking, which prohibit international banks from doing business with “shell banks.” In addition, the principles use a risk-based approach to correspondent banking that is designed to ascertain the appropriate level of due diligence that a bank should adopt with regard to its correspondent banking clients; and (4) monitoring screening and searching, which identifies issues that should be addressed in order for financial institutions to develop suitable monitoring, screening and searching processes, using a risk-based profile approach.</p>
<p><b>The Commonwealth Secretariat:</b> The Commonwealth Secretariat is a voluntary association of 53 sovereign states that consult and cooperate in the common interest of their peoples on a broad range of topics, including the promotion of international understanding and world peace. All of the member states, except for Mozambique, have experienced direct or indirect British rule or have been linked administratively to another Commonwealth country.</p>	<p>With regard to AML and combating the financing of terrorism, the Commonwealth Secretariat provides assistance to countries to implement the FATF 40 + 9 Recommendations. It works with national and international organizations and assists governments in the implementation of the FATF recommendations. In addition, the Commonwealth Secretariat has published <i>A Manual of Best Practices for Combating Money Laundering in the Financial Sector</i>. The manual is for government policy-makers, regulators and financial institutions.</p>
<p><b>Organization of American States:</b> The Organization of American States (OAS) is the regional body for security and diplomacy in the Western Hemisphere. All 35 countries of the Americas have ratified the OAS charter.</p>	<p>In 2004, the commission amended model regulations for the hemisphere to include techniques to combat terrorist financing, development of a variety of associated training initiatives, and a number of anti-money laundering/counter-terrorism meetings. Its Mutual Evaluation Mechanism included updating and revising some 80 questionnaire indicators through which the countries mutually evaluate regional efforts and projects. Worked with International Development Bank and France to provide training for prosecutors and judges. Based on agreement with Inter-American Development Bank for nearly \$2 million, conducted a two-year project to strengthen FIUs in eight countries. In addition, the OAS assists with evaluating strategic plans and advising on technical design for FIUs in region.</p>
<p><b>Asian Development Bank (ADB):</b> Established in 1966, the ADB is a multilateral development finance institution dedicated to reducing poverty in Asia and the Pacific. The bank is owned by 63 members, mostly from the region, and engages in mostly public sector lending in its developing member countries.</p>	<p>According to the ADB, it was one of the first multilateral development banks to address the money laundering problem, directly and indirectly, through regional and country assistance programs. The ADB Policy Paper, adopted on April 1, 2003, has three key elements: (1) assisting developing member countries in establishing and implementing effective legal and institutional systems for anti-money laundering and counter-terrorism financing, (2) increasing collaboration with other international organizations and aid agencies, and (3) strengthening internal controls to safeguard ADB's funds. The bank provides loans and technical assistance for a broad range of development activities, including strengthening and developing anti-money laundering regimes.</p>
<p>European Union (EU)</p>	<p>The European Union and the U.S. have worked closely together to ensure that terrorist financiers designated by one party are also designated by the other. For example, in August 2002, Italy joined the U.S. in submitting to the U.N. Sanctions Committee the names of 25 individuals and entities linked to al-Qaeda so that their assets could be frozen worldwide. Furthermore, in February 2002, the U.S. joined Spain in designating 21 individuals linked to ETA, the Basque terrorist group.</p>

Industry Sector Standard-Setters	The following are various industries that are viewed as the international Standard-Setters
<b>Basel Committee on Banking (Basel Committee):</b> Established by the central bank Governors of the Group of Ten countries in 1974, formulates broad supervisory standards and guidelines and recommends statements of best practice in the expectation that individual authorities will take steps to implement them through detailed arrangements - statutory or otherwise - which are best suited to their own national systems.	Three of the Basel Committee's supervisory standards and guidelines concern money laundering issues: (1) <i>Statement on Prevention of Criminal Use of the Banking System for the purpose of Money Laundering</i> , 1988, which outlines basic policies and procedures that bank managers should ensure are in place; (2) <i>Core Principles for Effective Banking Supervision</i> , 1997, which provides a comprehensive blueprint for an effective bank supervisory system and covers a wide range of topics including money laundering; and (3) <i>Customer Due Diligence</i> , 2001, which also strongly supports adoption and implementation of the FATF recommendations.
<b>International Association of Insurance Supervisors:</b> Established in 1994, it is an organization of supervisors from more than 100 different countries and jurisdictions that promotes cooperation among regulators, sets international standards, provides training, and coordinates with other financial sectors.	Established the <i>Anti-Money Laundering Guidance Notes for Insurance Supervisors and Insurance Entities</i> , 2002, which is a comprehensive discussion on money laundering in the context of the insurance industry. The guidance is intended to be implemented by individual countries taking into account the particular insurance companies involved, the products offered within the country, and the country's own financial system. The Association's work is consistent with the FATF 40 + 9 Recommendations and the Basel Core Principles for Effective Banking Supervision. Its 2002 paper was updated as a <i>Guidance Paper on Anti-Money Laundering and Combating the Financing of Terrorism</i> in 2004, with cases on money laundering and terrorist financing. A document based upon these cases is posted on their Web site and is updated as new cases that might result from the FATF typology project are added.
<b>International Organization of Securities Commissions (IOSCO):</b> Members regulate and administer securities and laws in their respective 105 national securities commissions. Core objectives are to protect investors; ensure that markets are fair, efficient, and transparent; and reduce systematic risk.	Passed <i>Resolution on Money Laundering</i> in 1992 and <i>Principles on Client Identification and Beneficial Ownership for the Securities Industry</i> , 2004, which is a comprehensive framework relating to customer due diligence requirements and complementing the FATF 40 recommendations. In addition, IOSCO and FATF have discussed further steps to strengthen cooperation among FIUs and securities regulators in order to combat money laundering and terrorist financing.

Table 5: International Organizations and Efforts to Disrupt Terrorist Financing<sup>217</sup>

<sup>217</sup> Table adapted by author from the "Terrorist Financing: Better Strategic Planning Needed to Coordinate U.S. Efforts to Deliver Counter-Terrorism Financing Training and Technical Assistance Abroad: GAO-06-19," 2005, GAO Reports 1, 39-43.

## APPENDIX G: Consolidated U.S. Treasury Terrorist Asset Report

<b>Blocked Funds in the United States Relating to SDGT, SDT and FTO Programs</b>						
	Organizations/ Related Designees	Blocked as of 2005	Blocked as of 2004*	Blocked as of 2003	Blocked as of 2002	Blocked as of 2001
	AL-Qaida	7,457,579	3,889,655	771,956	698,343	1,125,025
	Hamas	6,201,874	5,893,101	5,196,634	5,545,889	6,496,845
	Mujahedine-E Khalq Organization	108,255	90,073	N/A	N/A	N/A
	New Peoples Army	3,750	3,750	N/A	N/A	N/A
	Palestinian Islamic Jihad	18,795	17,746	17,746	17,746	17,746
	Kahane Chai	201	201	201	201	200
	Taliban	2,648	1,809	5,394	8,342	264,935,075
	<b>Total</b>	<b>13,793,102</b>	<b>9,896,335</b>	<b>5,991,931</b>	<b>6,270,521</b>	<b>272,574,891</b>
<b>Assets of State Sponsors of Terrorism</b>						
<b>OFAC Blocked Funds, Relating to State Sponsors of Terrorism in the United States</b>						
	Country					
	Cuba	268,300,000	250,100,000	143,400,000	146,500,000	112,300,000
	Iran	1,400,000	1,400,000	23,200,000	23,200,000	23,200,000
	Iraq	N/A	N/A	61,300,000	1,730,000,000	1,704,400,000
	Libya	N/A	1,253,300,000	1,247,900,000	1,221,400,000	1,177,200,000
	North Korea	30,500,000	29,800,000	31,500,000	31,100,000	29,600,000
	Sudan	68,200,000	60,100,000	28,300,000	27,400,000	27,300,000
	Syria	0	0	0	0	0
	<b>Total</b>	<b>368,400,000</b>	<b>1,594,700,000</b>	<b>1,535,600,000</b>	<b>3,179,600,000</b>	<b>3,074,000,000</b>
<b>OFAC Blocked Funds Relating to State Sponsors of Terrorism in Foreign Branches of United States Banks</b>						
	Country					
	Cuba	300,000	0	0	0	0
	Iraq	N/A	N/A	248,200,000	533,900,000	521,200,000
	Libya	N/A	5,400,000	5,400,000	5,400,000	5,300,000
	North Korea	200,000	300,000	300,000	300,000	2,800,000
	Sudan	100,000	100,000	100,000	100,000	100,000
	<b>Total</b>	<b>600,000</b>	<b>5,800,000</b>	<b>254,000,000</b>	<b>539,700,000</b>	<b>529,400,000</b>
	<b>Total Blocked Terrorist Country Assets within U.S. Jurisdiction</b>	<b>369,000,000</b>	<b>1,600,500,000</b>	<b>1,789,600,000</b>	<b>3,719,300,000</b>	<b>3,603,400,000</b>
<b>Non-Blocked Funds Relating to State Sponsors of Terrorism in United States Jurisdiction**</b>						
	Country					
	Iran	49,000,000	59,010,000	114,800,000	214,300,000	228,700,000
	Syria	54,000,000	58,000,000	85,000,000	133,000,000	104,000,000
	<b>Total</b>	<b>103,000,000</b>	<b>117,010,000</b>	<b>199,800,000</b>	<b>347,300,000</b>	<b>332,700,000</b>
	<b>Total State Sponsor of Terrorism Assets within U.S. Jurisdiction</b>	<b>472,000,000</b>	<b>1,717,510,000</b>	<b>1,989,400,000</b>	<b>4,066,600,000</b>	<b>3,936,100,000</b>
<b>Agencies Reporting Data to OFAC</b>						
		21	21	17	17	17
<b>Data Compiled from 2001-2005 TRA Reports</b>						
<b>*2005 Restated Data</b>						
<b>** See 2005 TRA Report for Full Explanation</b>						

Table 6: Consolidated 2001 – 2005, U.S. Treasury Terrorist Asset Report<sup>218</sup>

<sup>218</sup> Data compiled by the author from “The U.S. Treasury Terrorist Assets Reports,” available from <http://www.treas.gov/offices/enforcement/ofac/programs/terror/terror.shtml>. Internet. Accessed on 18 September 2006.



## APPENDIX H: International Resolutions and Conventions

Organization		Description of Effort
United Nations (UN)		The UN and its member States established a broad array of resolutions and conventions to create a multilateral framework for combating international terrorism. This UN-based multilateral framework falls into three broad categories of documents or agreements: (1) UN conventions or protocols related to terrorism, (2) UN Security Council Resolutions, and (3) UN General Assembly Resolutions. According to the DOS, the U.S. is a party to all 12 international conventions and protocols relating to terrorism.
	Conventions	An international convention, which requires signing, ratification, and implementation by the UN member country to have the effect of law within that country.
		<b>International Convention for the Suppression of the Financing of Terrorism, 1999:</b> The Convention applies to the offence of direct involvement or complicity in the intentional and unlawful provision or collection of funds, whether attempted or actual, with the intention or knowledge that any part of the funds may be used to carry out any of the offenses described in the Conventions listed in its Annex, or an act intended to cause death or serious bodily injury to any person not actively involved in armed conflict in order to intimidate a population, or to compel a government or an international organization to do or abstain from doing any act. The provision or collection of funds in this manner is an offense whether or not the funds are actually used to carry out the proscribed acts. The Convention requires each State Party to take appropriate measures, in accordance with its domestic legal principles, for the detection and freezing, seizure, or forfeiture of any funds used or allocated for the purposes of committing the offences described.
		<b>International Convention Against Transnational Organized Crime (TOC), 2000:</b> The TOC entered into force on September 29, 2003, after 40 countries became party to the treaty. As of October 26, 2005, there are 147 Signatories and 112 Parties to the TOC. The trafficking in persons protocol entered into force on December 25, 2003, and has 117 Signatories and 93 Parties. The migrant smuggling protocol entered into force on January 28, 2004, and currently has 112 Signatories and 82 Parties. The TOC represents the first legally binding multilateral instrument that specifically targets transnational organized crime. It requires parties that have not already done so to adopt legislation criminalizing certain conduct typically associated with organized crime and provides a framework for international cooperation among Parties to assist each other in investigating and prosecuting transnational organized crime. The successful negotiation and widespread ratification of the TOC represent the global community's resolve to combat transnational organized crime as a serious worldwide threat.
		<b>Convention Against Corruption, 2003:</b> Is the first legally binding multilateral treaty to address on a global basis the problems relating to corruption. Requires parties to institute a comprehensive domestic regulatory and supervisory regime for banks and financial institutions to deter and detect money laundering. Regimes must emphasize requirements for customer identification, record keeping, and suspicious transaction reporting.
	Security Council Resolutions	Unlike an international convention, which requires signing, ratification, and implementation by the UN member country to have the effect of law within that country, a Security Council Resolution passed in response to a threat to international peace and security under Chapter VII of the UN Charter is binding upon all UN member countries.
		<b>Security Council Resolutions 1214, 1998:</b> Demands that the Taliban stop providing sanctuary and training for international terrorists and their operations, and that all Afghan factions cooperate with efforts to bring indicted terrorists to justice.
		<b>Security Council Resolutions 1267, 1999:</b> Obligates member States to freeze assets of individuals and entities associated with Osama bin Laden or members of al-Qaeda or the Taliban that are included on the consolidated list maintained and regularly updated by the UN 1267 Sanctions Committee.

		<b>Security Council Resolutions 1269, 1999:</b> Calls on member states to implement the international anti-terrorist conventions to which they are a party and encourages the speedy adoption of the pending conventions. Although the Security Council specifically referred to "terrorist financing" for the first time in Resolution 1269, it was not in the context of state-sponsored terrorism. General Assembly Resolution 49/60 clearly implicates state entities directly in such financing by acts and omissions such as sheltering, facilitating, funding, and failure to adopt suppressive measures.
		<b>Security Council Resolution 1333, 2000:</b> Requires member States to freeze without delay the funds and other financial assets of Osama bin Laden and al-Qaeda associates. It also demands that the Taliban should act swiftly to close all camps where terrorists are trained within the territory under its control.
		<b>Security Council Resolution 1363, 2001:</b> Establishes a mechanism to monitor the implementation of the measures imposed by UN Security Council Resolutions 1267 and 1333.
		<b>Security Council Resolution 1368, 2001:</b> Condemns the 9/11 attacks and calls on all States to work together urgently to bring to justice the perpetrators, organizers and sponsors of these terrorist attacks and stresses that those responsible for aiding, supporting or harboring the perpetrators, organizers and sponsors of these will be held accountable. The Resolution also calls on the international community to increase their efforts to prevent and suppress terrorist acts by increased cooperation and full implementation of the relevant international anti-terrorist conventions and Security Council resolutions, especially Resolution 1269 (1999). Finally, the Resolution expresses the Security Council's preparedness to take all necessary steps to respond to the terrorist attacks of 9/11, and to combat all forms of terrorism, in accordance with its responsibilities under the Charter of the United Nations.
		<b>Security Council Resolution 1373, 2001:</b> Was adopted in direct response to events of September 11, 2001. Obligates countries to criminalize actions to finance terrorism and deny all forms of support, freeze funds or assets of persons, organizations, or entities involved in terrorist acts; prohibit active or passive assistance to terrorists; and cooperate with other countries in criminal investigations and sharing information about planned terrorist acts.
		<b>Security Council Resolution 1377, 2001:</b> Calls on member States to implement UN Security Council Resolution 1373 and to assist each other in doing so. Also it invites States to inform the Counterterrorism Committee of areas where they require support.
		<b>Security Council Resolutions 1390, 2002:</b> Obligates member States to freeze assets of individuals and entities associated with Osama bin Laden or members of al-Qaeda or the Taliban that are included on the consolidated list maintained and regularly updated by the UN 1267 Sanctions Committee.
		<b>Security Council Resolutions 1452, 2002:</b> Decided that the provisions of resolution 1267 and 1390 do not apply to funds and other financial assets or economic resources that have been determined by the State to be necessary for basic expenses and extraordinary expenses.
		<b>Security Council Resolutions 1455, 2003:</b> Improves the implementation of measures against the Taliban and members of the al-Qaeda organization and their associates to include: (1) the freezing of funds and other financial resources of the Taliban, as well as funds and other financial assets of Osama bin Laden and individuals and entities associated with him as designated by the Committee established by resolution 1267 (1999); an arms embargo; and travel prohibitions; and (2) the need for improved coordination and increased exchange of information between the Committee established by resolution 1267 (1999) and the Counter-Terrorism Committee established by resolution 1373 (2001), and called on all States to submit an updated report to the Committee no later than 90 days after today on all steps taken to implement the above-mentioned measures and all related investigations and enforcement actions, unless to do so would compromise investigations or enforcement actions.



		<b>Security Council Resolutions 1456, 2003:</b> Calls on States to prevent and suppress all active and passive support to terrorism and comply with UN Security Council resolutions 1373, 1390, and 1455. Also calls on states to become a party to all relevant international conventions and protocols relating to terrorism, in particular the 1999 international convention for the suppression of the financing of terrorism.
		<b>Security Council Resolution 1526, 2004:</b> Expanded the broad set of measures adopted in resolution 1267 and 1269 (1999). Calls on States to: (1) not only freeze the economic resources and financial assets of al-Qaeda connected individuals or groups, but those of “undertakings and entities, including funds derived from property owned or controlled, directly or indirectly by them...and ensure that neither those funds or any other financial assets...are made available, directly or indirectly for such person’s benefit, by their nationals or by any persons within their territory”; and (2) move vigorously and decisively to cut the flows of funds and other financial assets and economic resources to individuals and entities associated with the al-Qaeda organization, Osama bin Laden and/or the Taliban, taking into account international codes and standards for combating the financing of terrorism, including those designed to prevent the abuse of non-profit organizations and informal/alternative remittance systems.
		<b>Security Council Resolutions 1566, 2004:</b> Recalling that criminal acts, including against civilians, committed with the intent to cause death or serious bodily injury, or taking of hostages, with the purpose to provoke a state of terror, or compel a government or international organization to do or to abstain from doing any act which contravened terrorism-related conventions and protocols, were not justifiable for any reason -- whether of a political, philosophical, ideological, racial, ethnic or religious nature. Further, the Council established a working group consisting of all its members, which would submit recommendations on practical measures to be imposed on individuals, groups or entities involved in or associated with terrorist activities, other than those designated by the al-Qaeda/Taliban Sanctions Committee. The recommendations could include more effective procedures for bringing the perpetrators to justice through prosecution and extradition.
		<b>Security Council Resolution 1617, 2005:</b> Extended sanctions against al-Qaeda, Osama bin Laden, and the Taliban, and strengthened previous related resolutions. This resolution extends the mandate of the 1267 Sanctions Committee’s Monitoring Team: the eight experts, including one American, who are its eyes and ears. It also clarified what constitutes association with al-Qaeda, adds enhanced due-process provisions to the listing process, and strongly urges all member states to implement the comprehensive international standards embodied in the FATF 40 Recommendations on Money Laundering and the FATF Nine Special Recommendations on Terrorist Financing. In addition, the Council requested the Secretary-General increase cooperation between the UN and Interpol in order to provide the 1267 Committee with better tools to fulfill its mandate and urged member States to ensure that stolen and lost passports and other travel documents were invalidated as soon as possible, as well as to share information on those documents with other member States through the Interpol database.
		<b>Security Council Resolution 1624, 2005:</b> Is a resolution related to the incitement of terrorist acts. Calls upon all States: (1) to cooperate, inter alia, to strengthen the security of their international borders, including by combating fraudulent travel documents and, to the extent attainable, by enhancing terrorist screening and passenger security procedures; (2) to continue international efforts to enhance dialogue and broaden understanding among civilizations, in an effort to prevent the indiscriminate targeting of different religions and cultures, and to take all measures as may be necessary and appropriate and in accordance with their obligations under international law to counter incitement of terrorist acts motivated by extremism and intolerance and to prevent the subversion of educational, cultural, and religious institutions by terrorists and their supporters.

		<p><b>Security Council Resolution 1730, 2006:</b> Expanded on UNSCR 1617 and added an element of due process to designation mechanism. UNSCR 1730: (1) emphasizes that sanctions are an important tool in the maintenance and restoration of international peace and security; (2) adopts de-listing procedures and requests the Secretary-General establish within the Secretariat (Security Council Subsidiary Organs Branch), a focal point to receive de-listing requests and to perform the tasks described in the annex to UNSCR 1730; and (3) directs the sanctions committees established by the Security Council, including those established pursuant to resolution 1718 (2006), 1636 (2005), 1591 (2005), 1572 (2004), 1533 (2004), 1521 (2005), 1518 (2003), 1267 (1999), 1132 (1997), 918 (1994), and 751 (1992) to revise their guidelines accordingly</p>
		<p><b>Security Council Resolution 1735, 2006:</b> Is a rollover of UNSCR 1617, reaffirming 1267, 1373, 1617, standardizing listing procedures through use of cover sheet and statement of case. Expresses deep concern about the criminal misuse of the internet and the nature of the threat in particular the ways in which terrorist ideologies are promoted by al-Qaeda, Osama bin Laden, and the Taliban, and other individuals, groups, undertakings, and entities associated with them, in furtherance of terrorist acts. Freezes the funds and other financial assets or economic resources of these individuals, groups, undertakings and entities, including funds derived from property owned or controlled, directly or indirectly, by them or by persons acting on their behalf or at their direction, and ensure that neither these nor any other funds, financial assets or economic resources are made available, directly or indirectly, for such persons' benefit, or by their nationals or by persons within their territory. In addition it updates some of the procedures and forms for listing and de-listing terrorist to the Committee for placement on the Consolidated list as initially outlined in UNSCR 1267 and 1333.</p>
		<p>Authors Note: At the time this monograph was submitted for final review and publication, the UN had not passed any Security Council Resolutions in 2007 regarding terrorist financing.</p>
	General Assembly Resolutions	
		<p><b>General Assembly Resolution 49/60, 1994:</b> Approves the Declaration on Measures to Eliminate International Terrorism, which, among other things, unequivocally condemns all acts of terrorism, demands that states take effective and resolute measures to eliminate terrorism, and charges the Secretary General with various implementation tasks. Some of these tasks include collecting data on the status of existing international agreements relating to terrorism and developing an international legal framework of conventions on terrorism. The first international legal use of the term "terrorist financing" appeared in the UN General Assembly's seminal Declaration on Measures to Eliminate International Terrorism in 1994.</p>
		<p><b>General Assembly Resolution 51/210, 1996:</b> Calls upon states to adopt further measures to prevent and combat terrorism. Some of these include: accelerating research and development of explosive detection and marking technology; investigating the abuse of charitable, social, and cultural organizations by terrorist organizations; and developing mutual legal assistance procedures to facilitate cross-border investigations. Further calls upon states to become parties to relevant international anti-terrorism conventions and protocols. Also establishes an Ad Hoc Committee to develop an international convention for the suppression of terrorist bombings and acts of nuclear terrorism. Approves a supplement to the 1994 declaration on measures to Eliminate International Terrorism, which, among other things, reaffirms that asylum seekers may not avoid prosecution for terrorist acts and encourages states to facilitate terrorist extraditions even in the absence of a treaty.</p>
		<p><b>General Assembly Resolution 52/165, 1997:</b> Reiterates General Assembly Resolution 51/210. Reaffirms the Declaration on Measures to Eliminate International Terrorism. Requests the Ad Hoc Committee established by UN General Assembly Resolution 51/210 continue its work. Requests the Secretary General to invite the International Atomic Energy Agency to assist the Ad Hoc Committee.</p>

		<b>General Assembly Resolutions 53/108, 1999:</b> Recalls General Assembly Resolution 52/165. Reaffirms that actions by states to combat terrorism should be conducted in conformity with the Charter of the UN, international law, and relevant conventions. Decides to address the question of convening a UN conference to formulate a joint response to terrorism by the international community. Decides the Ad Hoc Committee shall continue to elaborate on a draft convention for the suppression of terrorist financing and will continue developing a draft convention for the suppression of acts of nuclear terrorism.
		<b>General Assembly Resolution 54/109, 2000:</b> Adopts the International Convention for the Suppression of the Financing of Terrorism and urges all states to sign and ratify, accept, approve, or accede to the Convention.
		<b>General Assembly Resolution 54/110, 2000:</b> Notes the establishment of the Terrorism Prevention Branch of the Centre for International Crime Prevention in Vienna, Austria. Invites states to submit information on their national laws, regulations, or initiatives regarding terrorism to the Secretary General. Invites regional intergovernmental organizations to do likewise. Continues the previous work of the Ad Hoc Committee.
		<b>General Assembly Resolution 55/158, 2001:</b> Reiterates General Assembly Resolution 54/110. Welcomes the efforts of the Terrorism Branch of the Centre for International Crime Prevention. Continues the previous work of the Ad Hoc Committee.
		<b>General Assembly Resolution 56/88, 2002:</b> Calls upon States to refrain from financing, encouraging, providing training for, or otherwise supporting terrorist activities. Urges all States that have not yet done so to consider, as a matter of priority, and in accordance with Security Council resolution 1373 (2001), becoming parties to relevant conventions and protocols as referred to in paragraph 6 of General Assembly resolution 51/210, as well as become parties to International Convention for the Suppression of the Financing of Terrorism and calls upon all States to enact, as appropriate, domestic legislation necessary to implement the provisions of those conventions and protocols, to ensure that the jurisdiction of their courts enables them to bring to trial the perpetrators of terrorist acts, and to cooperate with and provide support and assistance to other States and relevant international and regional organizations to that end.
		<b>General Assembly Resolution 56/288, 2002:</b> Decided to consider further requirements necessary for conference and support servicing of the Counter-Terrorism Committee in the context of the first performance report at its fifty-seventh session.
		<b>General Assembly Resolution 57/27, 2003:</b> Reiterates its call upon States to refrain from financing, encouraging, providing training for or otherwise supporting terrorist activities. Reiterates General Assembly Resolution 56/88 with regard to terrorist financing.
		<b>General Assembly Resolution 57/219, 2003:</b> Affirms that States must ensure that any measure taken to combat terrorism complies with their obligations under international law, in particular international human rights, refugee and humanitarian law. Encourages States, while countering terrorism, to take into account relevant United Nations resolutions and decisions on human rights, and encourages them to consider the recommendations of the special procedures and mechanisms of the Commission on Human Rights and the relevant comments and views of United Nations human rights treaty bodies.
		<b>General Assembly Resolution 58/81, 2004:</b> Reiterates its call upon States to refrain from financing, encouraging, providing training for or otherwise supporting terrorist activities. Reiterates General Assembly Resolution 56/88 with regard to terrorist financing.

		<b>General Assembly Resolution 58/136, 2004:</b> Supports the ongoing efforts of the Executive Director of the United Nations Office on Drugs and Crime to enhance an integrated approach to combating terrorism, drug trafficking, transnational organized crime, and other related forms of criminal activity. Stresses the need for close coordination and cooperation between States, international, regional, and sub-regional organizations and the Counter-Terrorism Committee, as well as the Centre, in preventing and combating terrorism and criminal activities carried out for the purpose of furthering terrorism in all its forms and manifestations. Encourages the activities of the Centre for International Crime Prevention of the United Nations Office on Drugs and Crime within its mandates in the area of preventing terrorism by providing Member States, upon request, with technical assistance, specifically to implement the universal conventions and protocols related to terrorism.
		<b>General Assembly Resolution 58/174, 2004:</b> Expresses concern about the growing connection between terrorist groups and other criminal organizations engaged in the illegal traffic in arms and drugs at the national and international levels, as well as the consequent commission of serious crimes such as murder, extortion, kidnapping, assault, the taking of hostages, and robbery, and requests the relevant United Nations bodies to continue to give special attention to this question.
		<b>General Assembly Resolution 58/187, 2004:</b> Reiterates General Assembly Resolution 57/219. Notes also the declaration on the issue of combating terrorism contained in the annex to Security Council resolution 1456 (2003), in particular the statement that States must ensure that any measures taken to combat terrorism comply with all their obligations under international law and should adopt such measures in accordance with international law, in particular international human rights, refugee, and humanitarian law.
		<b>General Assembly Resolution 59/46, 2004:</b> Reiterates General Assembly Resolution 56/88 with regard to terrorist financing. In addition, urges States to ensure that their nationals or other persons and entities within their territory that willfully provide or collect funds for the benefit of persons or entities who commit, or attempt to commit, facilitate, or participate in the commission of terrorist acts are punished by penalties consistent with the grave nature of such acts.
		<b>General Assembly Resolution 59/153, 2005:</b> Reiterates General Assembly Resolution 58/136.
		<b>General Assembly Resolution 59/195, 2005:</b> Emphasizes the need to intensify the fight against terrorism at the national level, to enhance effective international cooperation in combating terrorism in conformity with international law, including relevant State obligations under international human rights and international humanitarian law, and to strengthen the role of the UN in this respect. Emphasizes also that States shall deny safe haven to those who finance, plan, support or commit terrorist acts or provide safe havens. States concern with the tendencies to link terrorism and violence with religion and reject the identification of terrorism with any religion, nationality or culture.
		<b>General Assembly Resolution 60/43, 2006:</b> Reiterates General Assembly Resolution 59/46 with regard to terrorist financing. In addition, urges all States that have not yet done so to consider, as a matter of priority, and in accordance with Security Council resolutions 1373 and 1566, to become parties to International Convention for the Suppression of the Financing of Terrorism.

		<b>General Assembly Resolution 60/288, 2006:</b> UN Global Counter-Terrorism Strategy recommends measures to: (1) address the conditions conducive to the spread of terrorism; (2) prevent and combat terrorism, to include encouraging States to implement the comprehensive international standards embodied in the Forty Recommendations and Nine Special Recommendations of the FATF, recognizing that States may require assistance in implementing them; (3) build States' capacity to prevent and combat terrorism and to strengthen the role of the UN system in this regard, to include encouraging IMF, World Bank, UNODC, and Interpol to enhance cooperation with States to help them to comply fully with international norms and obligations to combat money-laundering and the terrorist financing; and (4) ensure respect for human rights for and the rule of law as the fundamental basis of the fight against terrorism, to include domestic laws and regulations that state any person who participates in the financing, planning, preparation, or perpetration of terrorist acts or in support of terrorist acts is categorized as a serious criminal.
		<b>General Assembly Resolution 61/40, 2006:</b> Requests the Terrorism Prevention Branch of the United Nations Office on Drugs and Crime in Vienna to continue its efforts to enhance, through its mandate, the capabilities of the United Nations in the prevention of terrorism, and recognizes, in the context of the United Nations Global Counter-Terrorism Strategy and Security Council resolution 1373 (2001), its role in assisting States in becoming parties to and implementing the relevant international conventions and protocols relating to terrorism, including the most recent among them, and in strengthening international cooperation mechanisms in criminal matters related to terrorism, including through national capacity-building. Reiterates General Assembly Resolution 60/288 with regard to terrorist financing.
		Authors Note: At the time this monograph was submitted for final review and publication, the UN had not passed any General Resolutions in 2007 reference terrorist financing.
INTERPOL		
	General Assembly Resolutions	
		<b>General Assembly Resolution AGN/67/RES/12, 1998:</b> Declared that Interpol: (1) strongly condemns all terrorist acts, methods and practices as criminal and unjustifiable; (2) supports the proposal to organize, under the aegis of the UN, an international conference on combating terrorism, with the aim of setting up, in close co-ordination with Interpol, a common international strategy for taking all appropriate prevention, protection, surveillance, and law enforcement measures, and to prepare concrete proposals for more effective action in combating terrorism, its funding, and support networks; (3) supports the idea of implementing an international action plan to strengthen police and judicial co-operation between member countries by eliminating the obstacles which hinder the extradition of fugitive terrorists, the sharing of information, and the adoption of specific criminal charges relating to the use of new technologies for terrorist purposes; and (4) feels it's necessary for all members to undertake the principle of international solidarity in the fight against terrorism.

		<p><b>General Assembly Resolution AGN/68/RES/2, 1999:</b> States that the fight against international terrorism is one of the main aims of Interpol's action in carrying out its general activities of police co-operation. Strongly condemns all terrorist acts, methods, and practices as criminal and unjustifiable. Calls upon all Interpol member States to refrain from financing, encouraging, or otherwise supporting terrorist activities wherever and by whomever committed them. Supports all efforts to adopt the International Convention for the Suppression of Terrorist Financing at the 54th Session of the UN General Assembly, including the use of Interpol as a channel for the exchange of information between law enforcement authorities. Recommended that the National Central Bureaus of member States facilitate the exchange, between their appropriate authorities, of information relating to the financing of terrorism within the framework to be provided by the proposed UN Convention on the Financing of Terrorism.</p>
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Table 7: International Resolutions and Conventions<sup>219</sup>

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<sup>219</sup> Data compiled by the author from the UN web site available at <http://www.un.org>, Internet, accessed on 18 September 2006; INTERPOL web site available at <http://www.interpol.int/>, Internet, accessed on 18 September 2006 and based on government, industry, and various other research sources.

## **APPENDIX I: Worldwide Information and Intelligence Network (WIIN)**

One of the keys to success in the effort to disrupt terrorist organizations is the ability of IA, law enforcement, private sector, allies, and partner nations to conduct integrated and collaborative efforts over a network, such as the proposed Worldwide Information and Intelligence Network (WIIN), which is secure, flexible, and allows for timely passage of information, while being robust enough to meet evolving command, control, communications, and computer (C4) requirements. While the author is providing an example architecture (WIIN) to facilitate his recommendation, in the end it is not the exact architecture that matters. What is important, however, is establishing a collaborative and integrated network that is predicated on a “need to share” mind set.

The WIIN would provide the following base capabilities at all nodes: (1) file sharing and transfer; (2) email; (3) web-conferencing using voice over Internet protocol; and (4) chat/instant messaging. To support WIIN, a comprehensive web-based information management (IM) system would need to be developed and maintained by a U.S. central management authority. The IM system would allow information to be published and compartmentalized as required. In addition, the network would provide a clear understanding of the enemy threat through a Common Operating Picture (COP).

All communication systems used in WIIN would comply with National Security Agency (NSA) and Communications Security Establishment (CSE) standards for Type 1 encryption. Contingency electronic KEYMAT fills could be generated and prepared for use with allies and partner nation activities.

### **Network Architecture:**

Initially, WIIN would provide a common command and control (C2) network available to IA, law enforcement, private sector, allies, and partner nations complementing existing national networks. As WIIN evolves, it would become the common link to optimize



network resources and information sharing. The network would support both fixed sites and deployable elements. A transit case communications package would be designed to support deployable elements. The Internet would be used as the transport backbone; all traffic from site to site would be encrypted in accordance with National Security Agency (NSA) guidelines using Type 1 encryption devices.<sup>220</sup>

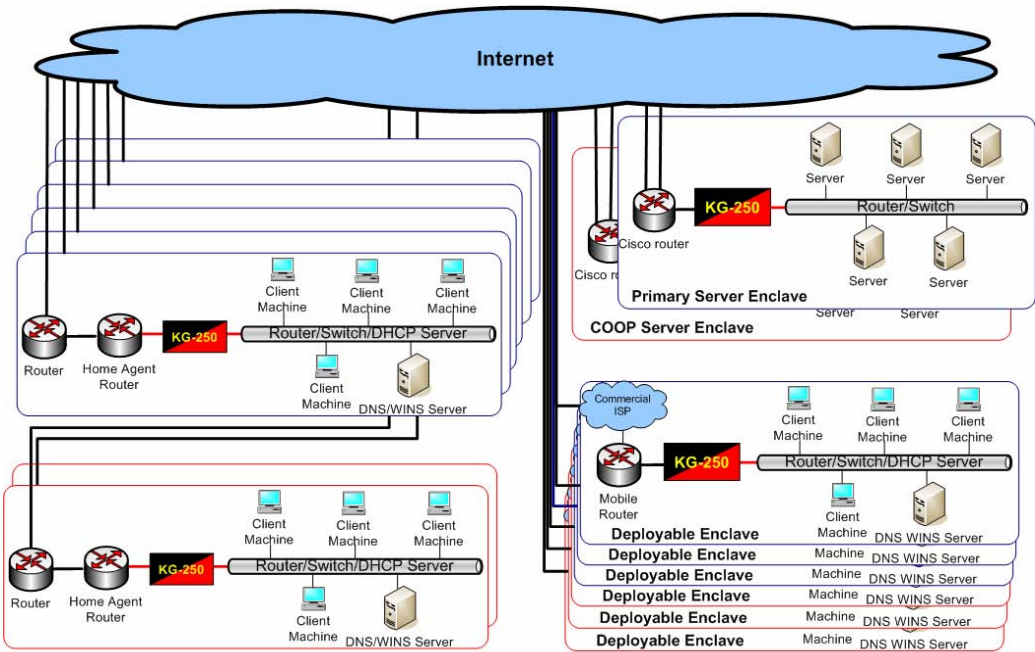


Table 8-1: Network Topology

Server Enclave: All network services (except Domain Name Service (DNS) and Windows Internet Naming Service (WINS)) would be centralized at the server enclave. Server virtualization would be incorporated to reduce the rack space, power, and HVAC footprints. An emission control (EMC) fiber channel Storage Area Network (SAN) would be used for data storage. The server enclave would have connectivity to the Internet via two 10 Mbps Internet Protocol (IP) connections.

<sup>220</sup> Table 8-1 shows the overall proposed network topology.



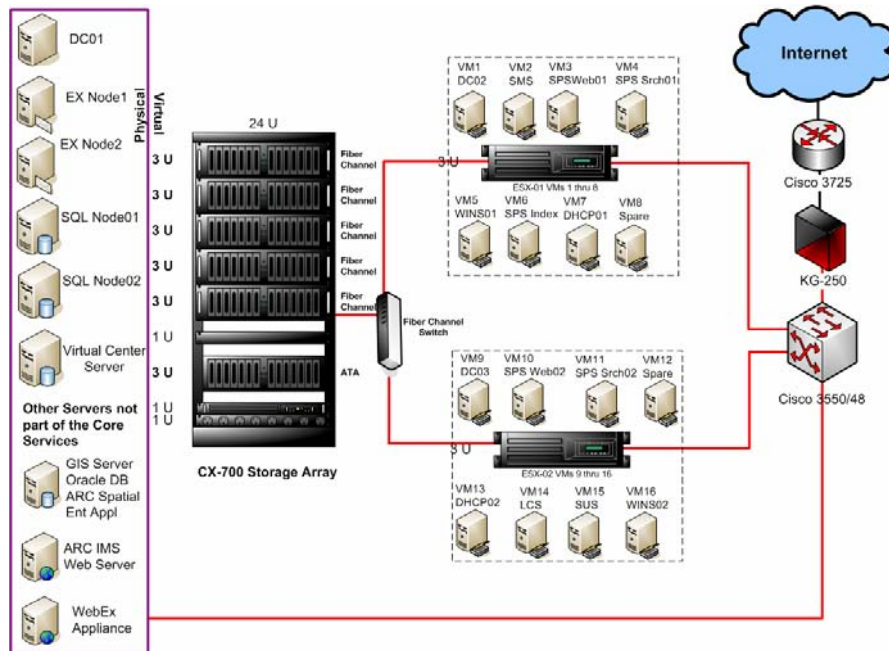


Table 9: Server Enclave

Fixed Site Enclave: Each fixed site would consist of client machines and one DNS/WINS server connected via fiber to an Ethernet switch/Dynamic Host Configuration Protocol (DHCP) server. The switch is connected to the red side of the KG-250. The black side of the KG-250 is connected to a Cisco 3251 Home Agent router. The Home Agent router is connected to another Cisco router. Finally, the Cisco router is connected to the Internet via commercial carrier. The red side of each fixed site would be assigned its own class C network of IP addresses.

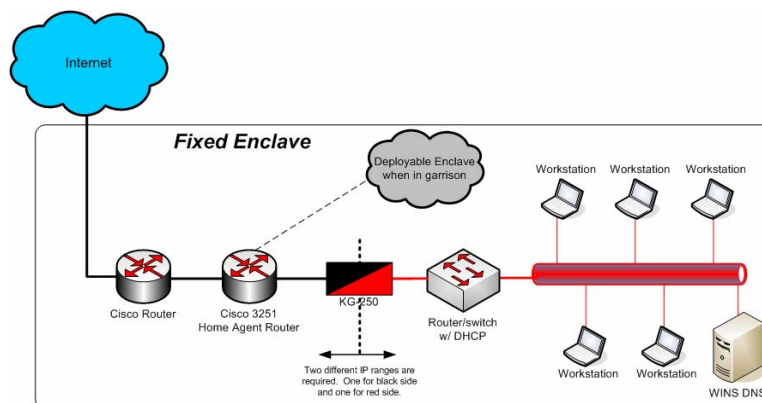


Table 10: Fixed Site Enclave

Deployable Enclave: Deployable enclaves must have the ability/flexibility to connect to the Internet in several different ways. They must be able to connect via a standard Internet service provider (ISP), or, if there is no ISP available, they must be able to access the Internet via other means, such as INMARSAT or satellite communications (SATCOM) connection. The concept of operations (CONOPS) for the deployed element incorporates the use of mobile routers. Mobile routers allow the deployed element to operate identically in garrison and deployed environments. There are several advantages to this. It simplifies the setup and configuration of the workstations, since they use the same setup in garrison and deployed. It also allows the computers to continue to be connected to the network when not deployed to receive required patches and updates. This ensures that the machines are fully functional when deployed. The mobile router receives an IP address from an ISP or other provider, and then translates that into the static IP range used on the internal side of the network. The mobile router requires the addition of a Host Agent router at the fixed site. The Host Agent acts as an edge router, directing traffic to the mobile users and receiving and verifying information coming from the mobile router before sending it to the crypto equipment for decryption.

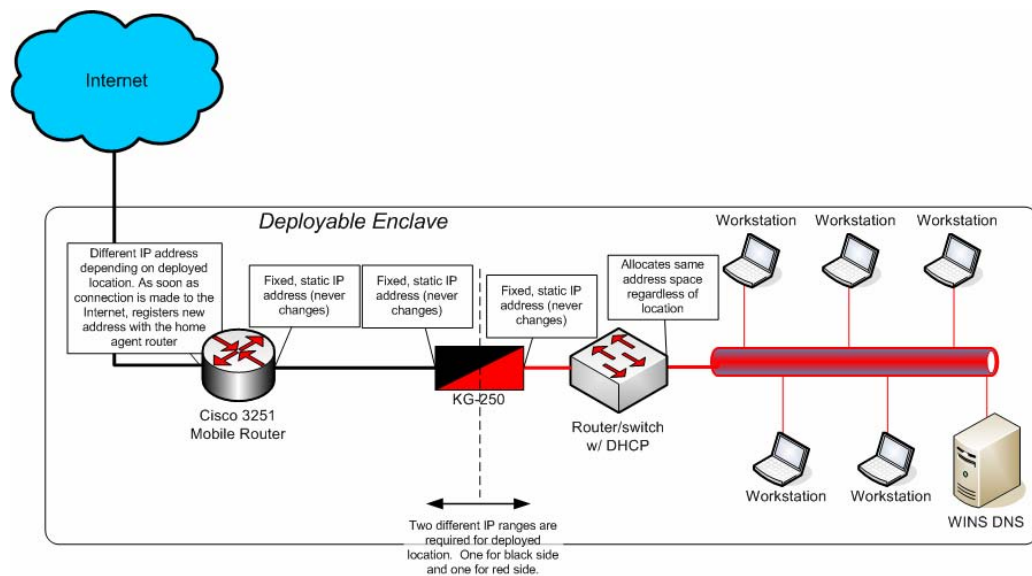


Table 10a: Deployable Enclave with Direct Internet Connection

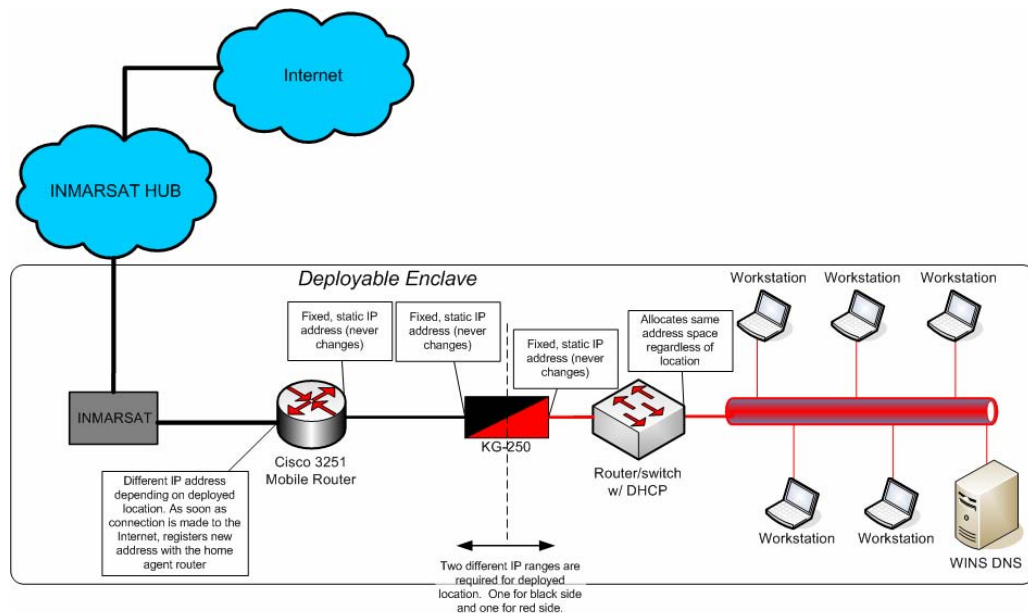


Table 10b: Deployable Enclave with INMARSAT Connection

Network Services Architecture: All network services would be web-based and secure sockets layer (SSL)-enabled originating from a centralized location. Because all services are web-based, there is no need for the machines in the enclaves to be part of the Active Directory domain. This reduces the amount of traffic (machines don't have to authenticate to the directory), thereby giving more bandwidth to user-required application data. This architecture also requires very little systems administration support at user enclaves. Both the Primary and Continuity of Operations (COOP) enclaves take advantage of server virtualization to reduce power, cooling, and the physical footprint of the servers.

IP Address Management: Each fixed site and deployable enclave would be assigned a class C IP address block. Two class C blocks would be assigned to the server enclave, one for servers and the other for client machines. A DHCP server would be located at each enclave and provide IP addresses, subnet mask, DNS server address, and default gateway address to all client machines in the enclave (DHCP servers at the fixed and deployable sites would not be part of the Active Directory domain). All servers in the server enclave would be assigned static IPs.

Domain Name Service (DNS): Windows DNS would be used (in non-authenticated mode). Because it is a closed network with centralized services, only one DNS zone would need to be created and managed. A primary DNS would be located at the server enclave and secondary DNSs would be located at the fixed and deployable enclaves. The secondary DNSs would be configured to automatically pull zone transfers from the primary DNS every 15 minutes.

Directory Services: Microsoft Active Directory (AD) 2003 would be used for Directory Services. Typology would be a one-domain, one-tree forest. Only servers and workstations at the server enclave would be part of the Active Directory domain.

E-mail: Exchange 2003 (configured to support remote procedure calls (RPC) over https) would be used to provide Email services. It would be configured as an active/passive cluster pair to provide fault tolerance. Clients would use Outlook 2003 and RPC over https to send and receive email.

Instant Messaging: Windows Live Communications Server (server side) and Windows Messenger 5.1 (client side) would be used for Instant Messaging and awareness. This ties instant messaging into the Exchange infrastructure and allows awareness (knowing that certain other users are on-line) from all Microsoft Office 2003 applications.

Information/Document Management System: Microsoft Windows SharePoint Services (WSS) and SharePoint Server (SPS) would be used as the Information/Document Management solution. It provides mechanisms for managing, collaborating on, and compartmentalizing documents and information.

Web Conferencing: Defense collaboration tool suite (DCTS) would be initially used as the web conferencing tool. DCTS web conferencing provides voice and video conferencing, chat (one-to-one or one-to-all), application sharing (any), document sharing, and whiteboard capabilities

Common Operating Picture: Global command and control system (GCCS) and ArcIMS products would be used to deliver a COP.

Patch Management: Microsoft's System Management Server (SMS) 2003 and Windows Update Services (WUS) would be used to perform patch management and application deployment.

Antivirus: Standard DoD antivirus products would be used on both Exchange servers and client machines.

Network Management, Engineering, and Configuration Management: HP Openview, Windows SMS, SpotLight on Active Directory, Exchange, and structured query language (SQL) would be used to monitor critical network services.

## **APPENDIX J: Websites for Key Organizations, Legal Instruments, and**

### **Initiatives**

#### **Basel Committee on Banking Supervision—Bank For International Settlements:**

- <http://www.bis.org/> (BIS Home Page)
- <http://www.bis.org/bcbs/> (Basel Committee on Banking Supervision)
- <http://www.bis.org/publ/bcbs30.pdf> (Core Principles for Effective Banking Supervision)
- <http://www.bis.org/publ/bcbs61.pdf> (Core Principles Methodology)
- <http://www.bis.org/publ/bcbs85.htm#pgtop> (Customer Due Diligence for Banks)
- <http://www.bis.org/publ/bcbsc137.pdf> (Prevention of Criminal Use of the Banking System for the Purpose of Money Laundering—December 1988)

#### **Commonwealth Secretariat:**

- <http://www.thecommonwealth.org/> (Main site)
- <http://www.thecommonwealth.org/dynamic/Country.asp> (Commonwealth countries)

#### **Council of Europe:**

- <http://www.coe.int/portalT.asp> (Main page)
- <http://conventions.coe.int/Treaty/en/Treaties/Html/141.htm> (Convention on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime—The Strasbourg Convention, 8.XI.1990)

#### **Egmont Group for Financial Intelligence Units (FIUs):**

- <http://www.egmontgroup.org/> (Main page)
- [http://www.egmontgroup.org/list\\_of\\_fius\\_062304.pdf](http://www.egmontgroup.org/list_of_fius_062304.pdf) (Countries with operational Financial Intelligence Units)
- [http://www.egmontgroup.org/statement\\_of\\_purpose.pdf](http://www.egmontgroup.org/statement_of_purpose.pdf) (Statement of Purpose of the Egmont Group of Financial Intelligence Units, Guernsey, 2004)
- [http://www.egmontgroup.org/info\\_paper\\_final\\_092003.pdf](http://www.egmontgroup.org/info_paper_final_092003.pdf) (Information Paper on Financial Intelligence Units and the Egmont Group)
- [http://www.egmontgroup.org/procedure\\_for\\_being\\_recognised.pdf](http://www.egmontgroup.org/procedure_for_being_recognised.pdf) (Procedure for being recognized as member country)
- <http://www.fincen.gov/fiuinaction.pdf> (List of AML cases)

#### **European Union:**

- <http://europa.eu.int/> (Main page)
- <http://www.imolin.org/eudireng.htm> (Council Directive on Prevention of use of Financial System for the Purpose of Money Laundering (91/308/EC))
- <http://www.imolin.org/EUdir01e.htm> (Directive 2001/97/EC of the European Parliament and of the Council of 4 December 2001 amend-ing Council Directive 91/308/EC on prevention of the use of the financial system for the purpose of money laundering.)

#### **Financial Action Task Force on Money Laundering (FATF):**

- <http://www.fatf-gafi.org> (Welcome page)
- [http://www.fatf-gafi.org/MLaundering\\_en.htm](http://www.fatf-gafi.org/MLaundering_en.htm) (Money Laundering)
- [http://www.fatf-gafi.org/pdf/40Recs-2003\\_en.pdf](http://www.fatf-gafi.org/pdf/40Recs-2003_en.pdf) (The Forty Recommendations 2003)
- [http://www.fatf-gafi.org/pdf/SRecTF\\_en.pdf](http://www.fatf-gafi.org/pdf/SRecTF_en.pdf) (The Special Recommendations 2001)
- [http://www1.oecd.org/fatf/TerFinance\\_en.htm](http://www1.oecd.org/fatf/TerFinance_en.htm) (Terrorist Financing)
- [http://www1.oecd.org/fatf/pdf/PB9906\\_en.pdf](http://www1.oecd.org/fatf/pdf/PB9906_en.pdf) (Policy Brief Money Laundering)
- [http://www.fatf-gafi.org/FATDocs\\_en.htm](http://www.fatf-gafi.org/FATDocs_en.htm) (Money Laundering Methods and Trends)
- [http://www1.oecd.org/fatf/pdf/GuidFITF01\\_en.pdf](http://www1.oecd.org/fatf/pdf/GuidFITF01_en.pdf) (Guidance for financial institutions in Detecting Terrorist Financing)
- [http://www1.oecd.org/fatf/Initiatives\\_en.htm](http://www1.oecd.org/fatf/Initiatives_en.htm) (Other International Anti-Money Laundering and Combating Terrorist Financing Initiatives)

- [http://www.fatf-gafi.org/pdf/SR8-NPO\\_en.pdf](http://www.fatf-gafi.org/pdf/SR8-NPO_en.pdf) (Combating the Abuse of Non-Profit Organizations: International Best Practices (11 October 2002))
- [http://www1.oecd.org/fatf/pdf/PR-20021220\\_en.pdf](http://www1.oecd.org/fatf/pdf/PR-20021220_en.pdf) (FATF statements and documents on NCCT, Press Release, December 20, 2002, FATF decides to impose counter-measures on Ukraine; no counter-measures to apply to Nigeria at this time)
- [http://www1.oecd.org/fatf/pdf/INSR7-Consult\\_en.pdf](http://www1.oecd.org/fatf/pdf/INSR7-Consult_en.pdf) (FATF issues for public consultation a proposal of an Interpretative Note to Special Recommendation VII: Wire Transfers (11 October 2002))
- [http://www1.oecd.org/fatf/pdf/FEEDB\\_en.pdf](http://www1.oecd.org/fatf/pdf/FEEDB_en.pdf) (FATF Best Practice Guidelines on Providing Feedback to Reporting Financial Institutions and Other Persons (25 June 1998))
- [http://www1.oecd.org/fatf/pdf/AR2004\\_en.PDF](http://www1.oecd.org/fatf/pdf/AR2004_en.PDF) (Annual Report (2003–2004))
- [http://www.fatf-gafi.org/SAQTF\\_en.htm](http://www.fatf-gafi.org/SAQTF_en.htm). (Self-assessment questionnaire)
- [http://www1.oecd.org/fatf/NCCT\\_en.htm](http://www1.oecd.org/fatf/NCCT_en.htm) (Non-Cooperative Countries and Territories)

#### **FATF-Style Regional Bodies:**

##### **Asia/Pacific Group on Money Laundering**

- [http://www.apgml.org/content/member\\_jurisdiction.jsp](http://www.apgml.org/content/member_jurisdiction.jsp) (Member Jurisdictions)
- [http://www.apgml.org/content/observer\\_jurisdiction.jsp](http://www.apgml.org/content/observer_jurisdiction.jsp) (Observer Jurisdictions)
- <http://www.apgml.org/content/organisations.jsp> (Observer Organizations)

##### **Caribbean Financial Action Task Force:**

- <http://www.cfatf.org> (Main site)
- [http://www1.oecd.org/fatf/Ctry-orgpages/org-cfatf\\_en.htm](http://www1.oecd.org/fatf/Ctry-orgpages/org-cfatf_en.htm) (Co-operating and Supporting Nations and Observers)
- <http://www.cfatf.org/about/about.asp?PageNumber=1> (Membership)
- <http://www.cfatf.org/eng/recommendations/cfatf/> (Caribbean Financial Action Task Force—CFATF 19 Recommendations, 1990)
- <http://www.cfatf.org/eng/kingdec/index.pdf> (Kingston Declaration on Money Laundering—November 5–6, 1992)

##### **MONEYVAL:** (Council of Europe Select Committee of Experts on the Evaluation of Anti-Money Laundering Measures (PC-R-EV Committee), (Now known as MONEYVAL)

- [http://www.coe.int/T/E/Legal\\_affairs/Legal\\_cooperation/Combating\\_economic\\_crime/Money\\_laundersing/](http://www.coe.int/T/E/Legal_affairs/Legal_cooperation/Combating_economic_crime/Money_laundersing/) (Main site)
- [http://www1.oecd.org/fatf/Ctry-orgpages/org-pcrev\\_en.htm](http://www1.oecd.org/fatf/Ctry-orgpages/org-pcrev_en.htm) (Members and Observers)

##### **Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG):**

- <http://www.esaamlg.org> (Main site)
- [http://www1.oecd.org/fatf/Ctry-orgpages/org-esaamlg\\_en.htm](http://www1.oecd.org/fatf/Ctry-orgpages/org-esaamlg_en.htm) (Members and Observers)

##### **Financial Action Task Force of South America (GAFISUD);**

- <http://www.gafisud.org> (Main site)
- <http://www.gafisud.org> (See members and observers)
- <http://www.apgml.org> (Main site)
- [http://www.apgml.org/content/member\\_jurisdiction.jsp](http://www.apgml.org/content/member_jurisdiction.jsp) (Member Jurisdictions)
- [http://www.apgml.org/content/observer\\_jurisdiction.jsp](http://www.apgml.org/content/observer_jurisdiction.jsp) (Observer Jurisdictions)
- <http://www.apgml.org/content/organisations.jsp> (Observer Organizations)

##### **International Monetary Fund:**

- <http://www.imf.org/> (Main page)
- <http://www.imf.org/external/np/mae/aml/2002/eng/092502.htm> (Intensified Work on Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT) (September 2002))
- <http://www.imf.org/external/np/mae/am/2002/eng/092523.htm> (Comprehensive Methodology on AML/CFT)

##### **International Organization of Securities Commissioners:**

- <http://www.iosco.org/iosco.html> (Main page)

- <http://www.iosco.org/pubdocs/pdf/IOSCOPD125.pdf> (IOSCO Objectives and Principles of Securities Regulation) (2002)
- [http://www.iosco.org/docs-public/1997-authorisation\\_of\\_collective.html](http://www.iosco.org/docs-public/1997-authorisation_of_collective.html) (Authorization of Collective Investment Schemes (CIS) and Related Services. A Report of the Technical Committee) (1997)
- <http://www.iosco.org/library/index.cfm?whereami=resolutions> (A Directory of Resolutions Passed by the International Organization of Securities Commissions)
- <http://www.iosco.org/docs> (Principles for the Supervision of Operators of Collective Investment Schemes (September, 1997))

#### **Organization of American States–CICAD:**

- <http://www.oas.org/main/english/> (Main page)
- <http://www.cicad.oas.org/en/?CICAD%20-%New.htm> (Summit of the Americas, Ministerial Conference Concerning the Laundering of Proceeds and Instrumentalities of Crime – Buenos Aires, Argentina, December 2, 1995. See Money Laundering, see Documents, see Plan of Action of Buenos Aires.) Reference Guide to Anti-Money Laundering and Combating the Financing of Terrorism Annex I-6
- [http://www.cicad.oas.org/Desarrollo\\_Juridico/eng/legal-regulations-money.htm](http://www.cicad.oas.org/Desarrollo_Juridico/eng/legal-regulations-money.htm) (Model Regulations Concerning Laundering Offenses Connected to Illicit Drug Trafficking and Other Serious Offenses (1998))

#### **United Nations:**

- <http://www.un.org>
- <http://www.undcp.org/> (Office on Drugs Control and Crime)
- <http://www.un.org/Overview/unmember.html> (List of Member States)
- [http://www.unodc.org/pdf/lap\\_money-laundering-proceeds\\_2000.pdf](http://www.unodc.org/pdf/lap_money-laundering-proceeds_2000.pdf) (United Nations International Drug Control Programme (UNDCP) Money Laundering and Proceeds of Crime Bill 2000)
- <http://www.incb.org/e/conv/1988/> (United Nations Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances (1988) (Vienna Convention))
- <http://www.undcp.org/adhoc/palermo/convmain.html> (United Nations Convention against Transnational Organized Crime (2000) (The Palermo Convention))
- [http://www.unodc.org/unodc/crime\\_cicp\\_signatures\\_convention.html](http://www.unodc.org/unodc/crime_cicp_signatures_convention.html) (Signatories–Convention against Transnational Organized Crime)
- <http://www.un.org/law/cod/finterr.htm> (United Nations International Convention for the Suppression of the Financing of Terrorism (1999))
- [http://www.untreaty.un.org/ENGLISH/Status/Chapter\\_xviii/treaty11.asp](http://www.untreaty.un.org/ENGLISH/Status/Chapter_xviii/treaty11.asp) (Status–Convention of the Suppression of the Financing of Terrorism)
- <http://www.un.org/aboutun/charter/index.html> (UN Charter)
- <http://untreaty.un.org/English/Terrorism.asp> (United Nations Treaty Collection Conventions on Terrorism)
- <http://www.imolin.org/ml99eng.htm> (United Nations Model Legislation on Laundering, Confiscation and International Cooperation in Relation to the Proceeds of Crime (1999))
- <http://www.un.org/terrorism/> (UN Action against Terrorism)
- <http://www.un.org/sc/ctc> (Counter-Terrorism Committee)
- [http://www.unodc.org/unodc/treaty\\_adherence.html](http://www.unodc.org/unodc/treaty_adherence.html) (List of member countries) Annex I: Websites for Key Organizations, Legal Instruments, and Initiatives Annex I-7

#### **United Nations–International Money Laundering Information Network:**

- <http://www.imolin.org/> (Main page)
- <http://www.imolin.org/imolin/gpml.html> (United Nations Global Program against Money Laundering)
- <http://www.imolin.org/conventi.htm> (Standards, Conventions and Legal Instruments)
- <http://www.imolin.org/model.htm> (Model Laws/Regulation)



- <http://www.imolin.org/map.htm> (National legislation relating to money laundering (map))
- <http://www.imolin.org/reference.htm> (Reference)
- <http://www.imolin.org/current.htm> (Current Events in the Anti-Money Laundering Arena)
- <http://www.imolin.org/calendar.htm> (Calendar of Events 2002/2003)

**United Nations–Security Council Resolutions:**

- <http://www.un.org/documents/scres.htm>

**Wolfsberg Group of Banks:**

- <http://www.wolfsberg-principles.com/index.html> (The Wolfsberg Group of Banks)
- <http://www.wolfsberg-principles.com/privat-banking.html> (Global Anti-Money-Laundering Guidelines for Private Banking)
- [http://www.wolfsberg-principles.com/wolfsberg\\_statement.html](http://www.wolfsberg-principles.com/wolfsberg_statement.html) (The Suppression of the Financing of Terrorism)
- <http://www.wolfsberg-principles.com/corresp-banking.html> (The Wolfsberg Anti-Money Laundering Principles for Correspondent Banking)

**The World Bank Group:**

- <http://www.worldbank.org/>

## **APPENDIX K: Organizations Visited or Contacted**

During the course of this monograph, the author visited and/or contacted officials from the following organizations:

### **Cabinet Departments and Related Agencies**

#### **Department of Defense:**

- Office of the Assistant Secretary of Defense for Special Operations and Low-Intensity Conflict, Washington, D.C.
- Office of the Joint Chiefs of Staff, Washington, D.C.
- Unified Combatant Commands

- U.S. Central Command, MacDill Air Force Base, Florida
- U.S. European Command, Patch Barracks, Stuttgart-Vaihingen, Germany
- U.S. Joint Forces Command, Norfolk, Virginia
- U.S. Northern Command, Peterson Air Force Base, Colorado
- U.S. Special Operations Command, MacDill Air Force Base, Florida

- Defense Intelligence Agency, Washington, D.C.

Joint Intelligence Task Force-Combating Terrorism, Washington, D.C.

#### **Department of Justice:**

- Criminal Division, Washington, D.C.
- Terrorism Section, Washington, D.C.
- Federal Bureau of Investigation, Washington, D.C.
- Counterterrorism Division, Washington, D.C.

#### **Department of State:**

- Bureau of Energy, Economic and Business Affairs, Washington, D.C.
- Bureau of Intelligence and Research, Washington, D.C.
- Bureau of International Organization Affairs, Washington, D.C.

- Office of the Coordinator for Counterterrorism, Washington, D.C.

**Department of the Treasury:**

- Office of Foreign Assets Control, Washington, D.C.
- Financial Crimes Enforcement Network, Washington, D.C.

**Executive Office of the President:**

- National Security Council, Washington, D.C.

## **APPENDIX L: Glossary**

### **Acronyms:**

ABB: Alex Boncayao Brigade  
ADB: Asian Development Bank  
ADF: The Allied Democratic Forces  
AFMLS: Asset Forfeiture and Money Laundering Section, DOJ  
AIAI: Al-Ittihad al-Islami  
ALIR: Army for the Liberation of Rwanda  
AML: Anti-Money Laundering  
AML/CFT: Anti-Money Laundering/Counter-Financing of Terrorism  
ANO: Abu Nidal Organization  
AOR: Area of Responsibility  
APG: Asia/Pacific Group on Money Laundering  
ASD SOLIC: Assistant Secretary of Defense for Special Operations and Low Intensity Conflict  
ASG: Abu Sayyaf Group  
AT: Anti-Terrorism  
ATA: Office of Antiterrorism Assistance Program, DOS  
ATF: Bureau of Alcohol, Tobacco, Firearms, and Explosives, DOJ  
ATM: Automated Teller Machine  
ATTF: Anti-Terrorism Task Forces  
AUC: United Self-Defense Forces of Colombia  
BCCI: Bank of Credit and Commerce International  
BMPE: Black Market Peso Exchange  
BR-PCC: Red Brigades-Combatant Communist Party  
C4: Command, Control, Communications and Computers  
CFATF: Caribbean Financial Action Task Force  
C.F.R.: Code of Federal Regulations  
CFT: Combating the Financing of Terrorism  
CIA: Central Intelligence Agency, ODNI  
CICTE: Inter-American Committee against Terrorism  
CIRA: Continuity Irish Republican Army  
CJCS: Chairman, Joint Chiefs of Staff  
COP: Common Operational Picture  
CPP/NPA: Communist Party of the Philippines/New People's Army  
CSA: Combat Support Agencies  
CSE: Communications Security Establishment  
CSG: Counter-Terrorism Security Group, NSC  
CSS: Central Security Service  
CT: Counter-Terrorism  
CTAG: Counterterrorism Action Group  
CTC: Counter-Terrorism Committee  
CTED: Counter-Terrorism Committee Executive Directorate, Security Council, UN  
CTIS: Combating Terrorism Information Strategy  
CTITF: Counter-Terrorism Implementation Task Force  
CTR: Cash Transaction Report  
CTS: Counterterrorism Section, DOJ  
DARTTS: Data Analysis and Research for Trade Transparency System  
DASD-CN: Deputy Assistant Secretary of Defense for Counter Narcotics

DEA: Drug Enforcement Administration, DOJ  
DHHS: Department of Health and Human Resources  
DHKP/C: Revolutionary People's Liberation Party/Front  
DHS: Homeland Security  
DIAP: Defense Intelligence Analysis Program  
DOA: Department of Agriculture  
DoD: Department of Defense  
DODIIS: DoD Intelligence Information System  
DOJ: Department of Justice  
DOS: Department of State  
DOT: Department of Transportation  
DOTMLFP: Doctrine, Organization, Training, Material, Leadership, Facilities, and Personnel  
DS: Bureau of Diplomatic Security, DOS  
EAG: EuroAsian Group on Combating Money Laundering and Financing of Terrorism  
EEB: The Bureau of Economic, Energy, and Business Affairs, DOS  
ELN: National Liberation Army  
EO: Executive Order  
EOTF/FC: Executive Office of Terrorist Finance and Financial Crime  
ESAAMLG: Eastern and Southern African Anti-Money Laundering Group  
ESC: Energy, Sanctions and Commodities, DOS  
ETA: Basque Fatherland and Liberty  
EUC: End User Certificate  
FARC: Revolutionary Armed Forces of Colombia  
FATF: Financial Action Task Force  
FBI: Federal Bureau of Investigation, DOJ  
FDIC: Federal Deposit Insurance Corporation  
FinCEN: Financial Crimes Enforcement Network, Treasury Department  
FISA: Foreign Intelligence Surveillance ACT  
FIU: Financial Intelligence Unit  
FR: Federal Register Notices  
FSAT: Financial Systems Assessment Team, IA, DOS  
FSRB: FATF-Style Regional Body  
FTO: Foreign Terrorist Organizations  
FTTTF: Foreign Terrorist Tracking Task Force, FBI  
GAFISUD: Financial Action Task Force against Money Laundering in South America  
GCCs: Geographic Combatant Commands  
GIA: Armed Islamic Group  
GICM: Moroccan Islamic Combatant Group  
GPML: Global Program against Money Laundering  
GPRA: Government Performance and Results Act  
GRAPO: First of October Antifascist Resistance Group  
GSPC: Salafist Group for Call and Combat  
HAMAS: Harakat al-Muqawama al-Islamiya–Islamic Resistance Movement  
HTTP: Hypertext Transfer Protocol  
HUJI: Harakat ul Jihad i Islami  
HUM: Harakat ul-Mujahidin  
HUMINT: Human Source Intelligence  
IC: Intelligence Community  
ICE: Bureau of Immigration and Customs Enforcement, DHS  
IEEPA: International Emergency Economic Powers Act  
IIRO: International Islamic Relief Organization

ILEA: International Law Enforcement Agency  
 IMF: International Monetary Fund  
 IMINT: Imagery  
 IMU: Islamic Movement of Uzbekistan  
 INL: The Bureau of International Narcotics and Law Enforcement Affairs, DOS  
 INTERPOL: The International Criminal Police Organization  
 IO: Bureau of International Organization Affairs, DOS  
 IOSCO: International Organization of Securities Commissions  
 IP: Intellectual Property Piracy  
 IRS: Internal Revenue Service, Treasury Department  
 IRS-CI: Internal Revenue Service Criminal Investigation, Treasury Department  
 IRTPA: Intelligence Reform and Terrorism Prevention Act  
 ISAS: International Association of Insurance Supervisors  
 ISP: Internet Service Provider  
 IT: Information Technology  
 JEM: Jaish-e-Mohammed (Army of Mohammed)  
 JI: Jemaah Islamiya Organization  
 JIACG: Joint and Interagency Coordination Group, DoD  
 JIATF: Joint Interagency Task Force, DoD  
 JITF-CT Joint Intelligence Task Force-Combating Terrorism  
 JRA: Japanese Red Army  
 JROC: Joint Requirements Oversight Council  
 JTTF: Joint Terrorism Task Force  
 JUM: Jamiat ul-Mujahideen  
 JWICS: Joint Worldwide Intelligence Communications System  
 Kach: Kahane Chai  
 KGK: Kongra-Gel (KGK, formerly Kurdistan Workers' Party, PKK, KADEK)  
 LEO: Law Enforcement Online  
 LET: Lashkar-e-Tayyiba  
 LIFG: Libyan Islamic Fighting Group  
 LJ: Lashkar i Jhangvi  
 LRA: The Lord's Resistance Army  
 LT: Lashkar-e Tayyiba (Army of the Righteous)  
 LTTE: Liberation Tigers of Tamil Eelam  
 LVF: Loyalist Volunteer Force  
 MASINT: Measurement And Signature Intelligence  
 MEK: Mujahedin-e Khalq Organization  
 MILF: Moro Islamic Liberation Front  
 MLCC: Money Laundering Coordination Center  
 MLRO: Money Laundering Reporting Officer  
 MSB: Money Service Business  
 NAPCTF: National Action Plan for Combating Terrorism Finance  
 NARA: National Archives and Records Administration  
 NCCT: Non-Cooperative Countries and Territories  
 NCIS: National Criminal Intelligence Service  
 NCTC: National Counterterrorism Center, IA, ODNI  
 NFP: Not For Profit Organizations  
 NIP: National Implementation Plan  
 NJTTF: National Joint Terrorism Task Force, FBI  
 NMSP-WOT: National Military Strategic Plan for the War on Terrorism  
 NOL: NCTC Online

NPA: New People's Army  
 NSA: National Security Agency, DHS  
 NSB: National Security Branch, FBI  
 NSC: National Security Council  
 NSCT: National Strategy for Combating Terrorism  
 NSPD: National Security Policy Directive  
 OAS: Organization of American States  
 ODC: UN Office of Drugs and Crime  
 ODNI: Office of the Director of National Intelligence Agency  
 OFAC: Office of Foreign Assets Control, Treasury Department  
 OGQ: Operation Green Quest  
 OIA: Office of Intelligence and Analysis, Treasury Department  
 OPDAT: Office of Overseas Prosecutorial Development, Assistance and Training, DOJ  
 OSAC: Overseas Security Advisory Council, DOS  
 OTA: Office of Technical Assistance, Treasury Department  
 OV: Orange Volunteers  
 PA: Palestinian Authority  
 PAGAD: People against Gangsterism and Drugs  
 PCC: National Security Council Policy Coordination Committee, NSC  
 PFLP: Popular Front for the Liberation of Palestine  
 PFLP-GC: PFLP-General Command  
 PIJ: Palestinian Islamic Jihad  
 PIMSE: Program Manager Information Sharing Environment  
 PLF: Palestine Liberation Front  
 POAM: Plan of Action and Milestones  
 POTUS: President of the United States of America  
 QJBR: Tanzim Qa'idat al-Jihad fi Bilad al-Rafidayn  
 RHD: Red Hand Defenders  
 RIRA: Real IRA  
 ROSC: Report on Observance of Standards Codes  
 RUF: Revolutionary United Front  
 SAFTI: Secure and Facilitated International Travel Initiative  
 SAR: Suspicious Activity Report  
 SCI: Sensitive Compartmented Information  
 S/CT: The Office of the Coordinator for Counterterrorism, DOS  
 SDGT: Specially Designated Global Terrorists  
 SDN: Specially Designated Nationals  
 SDT: Specially Designated Terrorists  
 SES: Senior Executive Service  
 SIGINT: Signals Intelligence  
 SIPRNet: Secret Internet Protocol Router Network  
 SL: Shining Path (Sendero Luminoso)  
 SOLIC: Special Operations Low Intensity Conflict  
 SSE: Sensitive Sight Exploitation  
 STR: Suspicious Transaction Report  
 TASG: Training Assistance Sub-Group, NSC  
 TBML: Trade Based Money Laundering  
 TEL: Terrorist Exclusion List  
 TEOAF: Treasury Executive Office for Asset Forfeiture, Treasury Department  
 TFC: Terrorism Financing Coordinator  
 TFEB: Threat Finance Exploitation Branch, USSOCOM, DoD

TFEU: Threat Financing Exploitation Unit, DoD  
 TFF: Treasury Forfeiture Fund  
 TFFC: The Office of Terrorist Finance and Financial, Treasury Department  
 TFI: Office of Terrorism and Financial Intelligence, Treasury Department  
 TFOS: Terrorist Financing Operations Section, FBI  
 TFS: The Office of Terrorism Finance and Economic Sanctions Policy, DOS  
 TFRG: Terrorism Financial Review Group, IA  
 TFU: Terrorist Financing Unit, DOJ  
 TFWG: Terrorist Financing Working Group, IA  
 TS: Top Secret  
 TTIC: Terrorist Threat Integration Center (replaced by NCTC)  
 TTU: Trade Transparency Units, DHS  
 UCC: Unified Combatant Commands  
 UN: United Nations  
 UNODC: The United Nations Office on Drugs and Crime  
 UNPA: United Nations Participation Act  
 U.S.: United States  
 USAFRICOM: United States Africa Command, DoD (currently being stood up)  
 USAID: U.S. Agency for International Development, DOS  
 USA PATRIOT Act: Uniting and Strengthening America by Providing Appropriate Tools  
 Required to Intercept and Obstruct Terrorism Act  
 U.S.C.: United States Code  
 USCENTCOM: United States Central Command, DoD  
 USEUCOM: United States European Command, DoD  
 USD: United States Dollar  
 USJFCOM: United States Joint Forces Command, DoD  
 USNORTHCOM: United States Northern Command, DoD  
 USPACOM: United States Pacific Command, DoD  
 USS: United States Ship  
 USSOCOM: United States Special Operations Command, DoD  
 USSOUTHCOM: United States Southern Command, DoD  
 USSS: United States Secret Service, DHS  
 USSTRATCOM: United States Strategic Command, DoD  
 USTRANSCOM: United States Transportation Command, DoD  
 UTN: Ummah Tameer E-Nau  
 VOIP: Voice Over Internet Protocol  
 WIIN: Worldwide Information and Intelligence Network  
 WME: Weapons of Mass Effects  
 WMD: Weapons of Mass Destruction  
 WWW: World Wide Web  
 §: Section



### **Terms:**

**Alliance:** Defined by National Military Strategic Plan for the War on Terrorism (NMSP-WOT) as an alliance is the result of formal agreements (i.e., treaties) between two or more nations for broad, long-term objectives that further the common interests of the members.

**Bayat:** An oath of allegiance to an emir.

**Chain or Line Networks:** Are simple structures, often used, for example, by smugglers.

Information or goods move in a linear direction from one node to the next. Each contact knows his or her next contact, but can identify no one beyond that next contact.

**Coalition:** Defined by NMSP-WOT as an ad hoc arrangement between two or more nations for common action.

**Command and Control:** The exercise of authority and direction by a properly designated commander over assigned and attached forces in the accomplishment of the mission. Command and control functions are performed through an arrangement of personnel, equipment, communications, facilities, and procedures employed by a commander in planning, directing, coordinating, and controlling forces and operations in the accomplishment of the mission.

**Combating Terrorism:** Defined by NMSP-WOT as actions, including antiterrorism (defensive measures taken to reduce vulnerability to terrorist acts) and counterterrorism (offensive measures taken to prevent, deter, and respond to terrorism), taken to oppose terrorism throughout the entire threat spectrum.

**Corrupt:** To cause to be dishonest; to pervert; to spoil.

**Decisive Point:** A geographic place, specific key event, critical factor, or function that, when acted upon, allows commanders to gain a marked advantage over an adversary or contribute materially to achieving success.

**Defeat:** Defined by NMSP-WOT as decisive actions taken to render ineffective, destroy, or eliminate the capabilities of terrorist organizations or their state and non-state sponsors.

**Destroy:** Defined by NMSP-WOT as to physically render an entity ineffective or incapable of conducting activity unless it is reconstituted or regenerated.

**Deter:** Defined by NMSP-WOT as actions taken to disrupt, prevent, or preclude acts of aggression. Deter includes preemptive actions to unhinge the ability to conduct operations.

**Disrupt:** Defined by NMSP-WOT as actions taken to interrupt, temporarily prevent, or desynchronize a terrorist network's capability to conduct operations.

**Down Stream:** The direction in which materials flow, example given, a customer will always be downstream from its suppliers.

**E-Cash:** Internet-related funds and value transfers.

**End State:** The set of required conditions that defines achievement of the commander's objectives.

**Excludable:** To prevent from entering; keep out; bar.

**Extremist:** Defined by NMSP-WOT as those who (1) oppose -- in principle and practice -- the right of people to choose how to live and how to organize their societies and (2) support the murder of ordinary people to advance extremist political purposes.

**Full Matrix Network:** Is the most highly-developed network based on the fact that all of its members are connected to, and can communicate with, all other members.

**Funds:** Means financial holdings, example given, cash accounts, securities, and debt obligations.

**Hawala:** A means outside of traditional banking for moving money across borders.

**Informal Value Transfer:** Any system or network of people facilitating, on a full-time or part-time basis, the transfer of value domestically or internationally outside the conventional, regulated financial institutional systems.

**International Terrorism:** As set forth in US law, Title 22 of the United States Code, Section 2656f(d) is terrorism involving the territory or citizens of more than one country.

**Isolate:** Defined by NMSP-WOT as actions taken to separate from a larger whole and set apart, denying freedom of movement and access to external support.

**Mitigate:** To cause to become less harsh or hostile, to make less severe or painful. In relation to an effect, mitigate means to lessen or eliminate the severity or incidence of an effect.

**Moderate:** Defined by NMSP-WOT which states that the terms “moderates” or “mainstream” refer to those individuals who do not support the extremists. The term “moderate” does not necessarily mean unobservant, secular, or Westernizing. It applies to people who may differ from each other and from the average American in any number of ways, except that they oppose the killing of ordinary people.

**Money Laundering:** The use of disguise to hide the origins of illegal money.

**Money Service Business:** Has been defined by FinCEN as check cashers, traveler’s check sellers, currency exchangers, stored value sellers, and money transmitters.

**Node:** An element of a system that represents a person, place, or physical thing.

**Paper Reorganization:** Process of constructing extra layers of confusion that investigators will find impenetrable.

**Partner Nation:** Countries associated with another in some activity or common interest.

**Salafism:** Defined by NMSP-WOT as a movement comprised of Sunni extremists who believe they are the only correct interpreters of the Qur’an and consider moderate or mainstream Muslims to be infidels. Salafists seek to convert all Muslims and to insure their own fundamentalist version of Islam will dominate the world. “Salafi” comes from the word “Salaf” which means ancestors in Arabic. This worldview holds that the Righteous Ancestors were the Prophet, his companions, and the Four Caliphs who succeeded him: Abu-Bakr, Umar, Uthman, and Ali (the nephew of the Prophet). This movement has influenced the rise of Wahhabism.

**Safe Haven:** Terrorist safe havens worldwide tend to exist astride international borders or in regions where ineffective governance facilitates their presence, such as Afghanistan’s border

regions, Somalia, the Tri-border region of South America, and the Celebes (Sulawesi) Sea in Southeast Asia.

**Shill Bidding:** False bids used in online auctions.

**Smurfing:** Form of money laundering in which large sums are broken up into amounts small enough to be deposited into the banking system without arousing suspicion.

**Star Network:** Employs a central node to coordinate communication among members, but not to control them. As with other networks, nodes function fairly independently.

**String:** A sequentially ordered set of things or events or ideas in which each successive member is related to the preceding members; “a string of islands”; “train of mourners”; “a train of thought.”

**Terrorism:** As set forth in US law, Title 22 of the United States Code, Section 2656f(d), the premeditated, politically motivated violence perpetrated against noncombatant targets by sub-national groups or clandestine agents, usually intended to influence an audience. Defined by NMSP-WOT as the calculated use of unlawful violence or threat of unlawful violence to inculcate fear; intended to coerce or to intimidate governments or societies in the pursuit of goals that are generally political, religious, or ideological. The term “terrorist” refers to those who conduct terrorist acts.

**Terrorist Extremist:** Defined by NMSP-WOT as an extremist who uses terrorism -- the purposeful targeting of ordinary people -- to produce fear to coerce or intimidate governments or societies in the pursuit of political, religious, or ideological goals. Extremists use terrorism to impede and undermine political progress, economic prosperity, the security and stability of the international state system, and the future of civil society.

**Terrorist Financing:** Is defined as the financial support, in any form, of terrorism or of those who encourage, plan, or engage in it.

**Terrorist Group:** As set forth in US law, Title 22 of the United States Code, Section 2656f(d) is any group that practices, or has significant subgroups that practice, international terrorism.

**Weapons of Mass Destruction or Effect (WMD/E):** Defined by NMSP-WOT, WMD/E relates to a broad range of adversary capabilities that pose potentially devastating impacts. WMD/E includes chemical, biological, radiological, nuclear, and enhanced high explosive weapons as well as other, more asymmetrical “weapons.” They may rely more on disruptive impact than destructive kinetic effects. For example, cyber attacks on U.S. commercial information systems or attacks against transportation networks may have a greater economic or psychological effect than a relatively small release of a lethal agent.<sup>221</sup>

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<sup>221</sup> Weapons of Mass Destruction/Effects: The 2004 National Military Strategy introduced the concept of weapons of mass effect (WME) to emphasize the mass “effects” of an attack to produce strategic outcomes, using other than the standard WMD weapons (Chemical, Biological, Radiological, Nuclear and in some cases High Yield Explosives). The term WMD/E relates to a broad range of adversary capabilities that pose potentially devastating impacts. The enemy can exploit the fear and disruptive impact these weapons instill and not just their destructive kinetic effects.

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"De Oppresso Liber"